

**JOHNSON BROTHERS (HOLDINGS) LIMITED**

**CONSOLIDATED REPORT**

**AND FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 2004**

**WALTER DAWSON & SON**

Incorporating

**DAVID W. PEPPER AND CO.**

**Chartered Accountants & Registered Auditor**

Springwood House, Low Lane,

Horsforth, Leeds LS18 5NU



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JOHNSON BROTHERS (HOLDINGS) LIMITED

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CONSOLIDATED REPORT AND FINANCIAL  
STATEMENTS

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JOHNSON BROTHERS (HOLDINGS) LIMITED  
DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31st March 2004.

1. Activities

The activities of the group continued to be provision of Acoustical and Thermal Insulation. No major changes in the future trading activities are at present contemplated.

2. Review of Developments and Future Prospects

The financial statements show a profit for the year of £99,026 after taxation. Whilst turnover levels have been maintained, the gross margin has been adversely affected during the year by delays and variations on one major contract which were out of the company's control and by a slight variation in sales mix.

Indications for the current year are that turnover levels should increase with a resultant increase in net profits.

3. Dividends and Results for the Year

The results for the year ended 31st March 2004 are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend for the year ended 31st March 2004.

4. Directors

The directors who served during the year, together with their interests in shares of the group, are as follows:

	<u>£1 Ordinary Shares</u>	
	<u>31st March 2004</u>	<u>1st April 2003</u>
C. Tonks	70,000	70,000
P. Patel	30,000	30,000

C. Tonks retires by rotation and being eligible offers himself for re-election.

5. Directors Responsibilities for the Financial Statements

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 group and the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to :

- (i). select suitable accounting policies and apply them consistently;
- (ii). make judgements and estimates that are reasonable and prudent;
- (iii). state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iv). prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue to operate.

JOHNSON BROTHERS (HOLDINGS) LIMITED  
DIRECTORS' REPORT

5. Directors Responsibilities for the Financial Statements (continued)

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

6. Auditors

Walter Dawson & Son have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

On Behalf of the Board

P. Patel



DIRECTOR

15th September 2004

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

## JOHNSON BROTHERS (HOLDINGS) LIMITED

We have audited the financial statements on pages 5 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the group's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

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JOHNSON BROTHERS (HOLDINGS) LIMITED

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Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs as at 31st March 2004 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



WALTER DAWSON & SON

Chartered Accountants and Registered Auditor

Springwood House  
Low Lane  
Horsforth  
Leeds, LS18 5NU

22nd September 2004

JOHNSON BROTHERS (HOLDINGS) LIMITED  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2004

		2004	2003
	Note	£	£
<u>TURNOVER</u>	2	5,798,318	4,949,771
Cost of Sales		(4,668,093)	(3,615,159)
<u>GROSS PROFIT</u>		1,130,225	1,334,612
Distribution Costs	(124,109)		(134,361)
Administrative Expenses	(823,034)		(889,036)
Other Income	12,217		9,419
		(934,926)	(1,013,978)
<u>OPERATING PROFIT</u>		195,299	320,634
Interest Receivable and Similar Income		9	1,279
Finance Costs	4	(40,034)	(41,451)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	5	155,274	280,462
Tax on Profit on Ordinary Activities	6	(56,248)	(79,514)
<u>PROFIT FOR THE FINANCIAL YEAR Attributable to the Group</u>		99,026	200,948
Dividends on Equity Shares		(--)	(--)
<u>RETAINED PROFIT TRANSFERRED TO RESERVES</u>	17	99,026	200,948

In each of the above years, the only gain or loss recognised by the group was the profit for the year. All of the activities undertaken by the group were continuing activities, and the reported profit was found under the historical cost convention.

JOHNSON BROTHERS (HOLDINGS) LIMITED  
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2004

		2004	2003
	Note	£	£
<u>FIXED ASSETS</u>			
Intangible Assets	7	570,542	602,239
Tangible Assets	8	276,647	263,489
Investment in Subsidiaries	9	168,318	168,318
		1,015,507	1,034,046
<u>CURRENT ASSETS</u>			
Stock	10	107,659	123,932
Debtors	11	1,050,992	974,258
Cash at Bank and in Hand		1,579	195,773
		1,160,230	1,293,963
<u>CREDITORS: Amounts Falling Due Within One Year</u>	12	(1,670,477)	(1,898,762)
<u>NET CURRENT LIABILITIES</u>		(510,247)	(604,799)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		505,260	429,247
<u>CREDITORS: Amounts Falling Due After More Than One Year</u>	13	(34,356)	(60,077)
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred Taxation	14	(28,073)	(25,365)
		442,831	343,805
<u>CAPITAL AND RESERVES</u>			
Called Up Equity Share Capital	15	100,000	100,000
Share Premium Account	17	42,857	42,857
Profit and Loss Account	17	299,974	200,948
<u>SHAREHOLDERS' FUNDS</u>	16	442,831	343,805

These financial statements were approved by the Board of Directors on 15th September 2004 and signed on their behalf by:

C. Tonks



DIRECTOR



JOHNSON BROTHERS (HOLDINGS) LIMITED

BALANCE SHEET AS AT 31ST MARCH 2004

		2004	2003
	Note	£	£
<u>FIXED ASSETS</u>			
Investment in Subsidiaries	9	2,014,488	2,014,488
<u>CREDITORS: Amounts Falling Due Within One Year</u>	12	(1,949,323)	(1,912,242)
<u>NET CURRENT LIABILITIES</u>		(1,949,323)	(1,912,242)
		65,165	102,246
<u>CAPITAL AND RESERVES</u>			
Called Up Equity Share Capital	15	100,000	100,000
Share Premium Account	17	42,857	42,857
Profit and Loss Account	17	(77,692)	(40,611)
<u>SHAREHOLDERS' FUNDS</u>	16	65,165	102,246

These financial statements were approved by the Board of Directors on 15th September 2004 and signed on their behalf by:

C. Tonks



DIRECTOR

JOHNSON BROTHERS (HOLDINGS) LIMITED  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2004

		<u>2004</u>		<u>2003</u>	
	<u>Note</u>	£	£	£	£
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	1	105,271		1,093,696	
<u>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</u>	2	(40,025)		(40,172)	
<u>TAXATION</u>		(113,483)		(52,281)	
<u>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</u>	2	(20,562)		(42,207)	
<u>ACQUISITIONS AND DISPOSALS</u>	2	(--)		(1,553,784)	
<u>CASH OUTFLOW BEFORE FINANCING</u>			(68,799)		(594,748)
<u>FINANCING</u>					
(Decrease)/Increase in Debt	2		(51,739)		126,214
<u>DECREASE IN CASH</u>			<u>(120,538)</u>		<u>(468,534)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET DEBT (NOTE 3)

	<u>2004</u>		<u>2003</u>	
	£	£	£	£
<u>DECREASE IN CASH</u>	(120,538)		(468,534)	
Cash Outflow from Movement in Debt and Hire Purchase Contracts and Lease Financing	51,739		16,643	
<u>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</u>		(68,799)		(451,891)
New Hire Purchase Contracts and Finance Leases		(45,511)		(113,067)
<u>MOVEMENT IN NET DEBT</u>		(114,310)		(564,958)
Net Debt at 1st April 2003		(564,958)		--
Net Debt at 31st March 2004		<u>(679,268)</u>		<u>(564,958)</u>

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2004

1. Reconciliation of Operating Profit to Operating Cash Flows

	2004	2003
	£	£
Operating Profit	195,299	320,634
Depreciation and Amortisation	84,612	61,976
Loss on Sale of Fixed Assets	--	5,322
Decrease in Stocks	16,273	13,946
(Increase)/Decrease in Debtors	(76,734)	209,352
(Decrease)/Increase in Creditors	(114,179)	482,466
<u>Net Cash Inflow from Operating Activities</u>	<u>105,271</u>	<u>1,093,696</u>

2. Analysis of Cash Flows For Headings Netted in the Cash Flow Statement

(i). Returns on Investment and Servicing of Finance

	2004	2003
	£	£
Interest Received	9	1,279
Interest Paid	(32,983)	(38,306)
Interest Element of Hire Purchase Contracts and Finance Lease Payments	(7,051)	(3,145)
<u>Net Cash Outflow for Returns on Investments and Servicing of Finance</u>	<u>(40,025)</u>	<u>(40,172)</u>

(ii). Capital Expenditure and Financial Investment

	2004	2003
	£	£
Purchase of Tangible Fixed Assets	(20,562)	(50,907)
Sale of Tangible Fixed Assets	--	8,700
<u>Net Cash Outflow for Capital Expenditure and Financial Investment</u>	<u>(20,562)</u>	<u>(42,207)</u>

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2004

2. Analysis of Cash Flows For Headings Netted in the Cash Flow Statement (continued)

(iii). <u>Acquisitions and Disposals</u>	2004	2003
	£	£
Purchase of Subsidiary Undertaking	--	(1,846,170)
Net Cash Acquired with Subsidiary	--	460,704
Costs of Acquiring Subsidiary Undertaking	--	(168,318)
<u>Net Cash Outflow for Acquisitions and Disposals</u>	<u>--</u>	<u>(1,553,784)</u>

  

(iv). <u>Financing</u>	2004	2003
	£	£
Issue of Ordinary Share Capital	--	142,857
Capital Element of Hire Purchase Contracts and Finance Lease Payments	(51,739)	(16,643)
<u>Net Cash(Outflow)/Inflow from Financing</u>	<u>(51,739)</u>	<u>126,214</u>

3. Analysis of Net Debt

	At 1st April 2003	Cashflows	Acquisition	Other Non Cash Changes	At 31st March 2004
	£	£	£	£	£
Cash at Bank and in Hand	195,773	(194,194)			1,579
Bank Overdraft	(664,307)	73,656			(590,651)
			(120,538)		
Hire Purchase Contracts and Finance Leases	(96,424)	51,739	--	(45,511)	(90,196)
<u>Total</u>	<u>(564,958)</u>	<u>(68,799)</u>	<u>--</u>	<u>(45,511)</u>	<u>(679,268)</u>

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are as follows:

(a). Accounting Convention

The financial statements are prepared under the historical cost convention.

(b). Tangible Fixed Assets

Depreciation is provided on a reducing balance basis over the expected useful lives of each category of tangible fixed assets:

Leasehold Property Improvements	10 % per annum on written down value
Plant and Equipment	10 % per annum on written down value
Motor Vehicles	20 % per annum on written down value
Fixtures, Fittings and Office Equipment	10 % per annum on written down value
Computer Equipment	20 % per annum on written down value

(c). Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition.

Raw Materials	Purchase cost on a "first-in first-out" basis
Work in Progress and Finished Goods	Cost of direct materials and labour plus attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

(d). Intangible Fixed Assets

Goodwill and other intangible fixed assets have been capitalised and are amortised on a straight-line basis over the estimated useful economic life of twenty years, which was chosen because the directors are of the opinion that this is the period over which the company will receive economic benefits from these assets.

(e). Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts and the relating obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements. The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2004

1. ACCOUNTING POLICIES (continued)

(f). Investments

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

(g). Basis of Consolidation

The consolidated financial statements comprise the accounts of the parent company and all its subsidiaries for the year ended 31st March 2004.

The results of subsidiaries acquired or disposed of during the year are included from the effective date of acquisition or up to the effective date of disposal.

(h). Deferred Taxation

Deferred taxation is recognised in respect of all timing differences, between the treatment of certain items for accounts purposes and their treatment for tax purposes, that have originated but not reversed by the balance sheet date.

Deferred tax is not recognised when assets are revalued unless, by the balance sheet date, the company has entered into a binding agreement to sell the assets and recognised the gains and losses expected to arise on sale or where assets have been sold and it is expected that the taxable gain will be rolled over into a replacement asset.

(i). Pension Costs

The company has a defined contribution pension scheme. The cost of the contributions made by the company to the scheme are charged to the profit and loss account as incurred.

2. TURNOVER

Turnover represents the value of goods sold and the services provided net of value added tax.

The turnover and profit before taxation is attributable to the group's principal activity and is entirely within the United Kingdom

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £	2003 £
<u>Directors' Remuneration:</u>		
Emoluments	107,200	257,763
Benefits in Kind	6,077	11,479
	113,277	269,242
Pension Contributions Under A Money Purchase Scheme	10,925	6,672
	124,202	275,914

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2004

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Number of Directors for Whom Pension  
Benefits Are Accruing Under:

	2004	2003
	No.	No.
A Defined Benefit Scheme	--	--
A Money Purchase Scheme	1	1
	<u>1</u>	<u>1</u>

Highest Paid Director:

	2004	2003
	£	£
Remuneration	<u>113,277</u>	<u>199,264</u>

Employee Costs During the Year:

	2004	2003
	£	£
Wages and Salaries	2,142,438	1,971,695
Social Security Costs	228,828	195,115
Other Pension Costs	15,163	13,018
	<u>2,386,429</u>	<u>2,179,828</u>

Average Number of Persons Employed:

	No.	No.
Draughtsmen and Supervisors	13	11
Office and Management	7	7
Production	58	53
	<u>78</u>	<u>71</u>

4. FINANCE COSTS

	2004	2003
	£	£
Interest on Bank Overdrafts	32,983	38,306
Finance Charges on Finance Leases and Hire Purchase Contracts	<u>7,051</u>	<u>3,145</u>
	<u>40,034</u>	<u>41,451</u>

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2004

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2004</u>	<u>2003</u>
	£	£
<u>Profit on Ordinary Activities before Taxation</u>		
<u>is after Charging:</u>		
Amortisation	31,697	31,697
Depreciation	52,915	34,291
Loss on Sale of Fixed Assets	--	5,322
Auditor's Remuneration	9,200	9,200
Rentals Under Operating Leases :		
Hire of Plant and Machinery	200,775	235,100
Staff Pension Costs	4,238	6,346
	<u>53,540</u>	<u>70,338</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2004</u>	<u>2003</u>
	£	£
<u>Current Tax:</u>		
UK Corporation Tax on the Profit for the Year	26,676	70,338
Interest on Late Payment of Prior Years Tax	899	--
Adjustment in Respect of Prior Years	25,965	--
	<u>53,540</u>	<u>70,338</u>
<u>Deferred Taxation:</u>		
Origination and Reversal of Timing Differences	2,708	9,176
	<u>56,248</u>	<u>79,514</u>



JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2004

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax assessed for the year is higher (2003: lower) than the standard rate of corporation tax in the UK of 19% (2003: 30%). The differences are explained as follows:

	<u>2004</u>	<u>2003</u>
	£	£
Profit on Ordinary Activities before Tax	<u>155,274</u>	<u>280,462</u>
Profit on Ordinary Activities Multiplied by Standard Rate of Corporation Tax in the UK of 19% (2003: 30%)	29,502	84,139
<u>Effects of:</u>		
Expenses not Deductible for Tax Purposes	14,019	24,421
Capital Allowances for Year in Excess of Depreciation	(1,601)	(9,906)
Interest on Late Payment of Prior Years Tax	(171)	--
Relief for Prior Years Bonus	(15,073)	--
Relief for Marginal Rates of Tax	--	(28,332)
Rounding on Current Years Tax Charge	--	16
Adjustments to Tax Charge in Respect of Prior Years	26,864	--
Current Tax Charge for Year	<u>53,540</u>	<u>70,338</u>

Based on the current capital investment plans, the group expects to be able to continue to claim capital allowances in excess of depreciation in future years at a slightly lower level than in the current year.

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2004

7. INTANGIBLE FIXED ASSETS

The Group

	<u>Goodwill</u>
	<u>£</u>
<u>Cost:</u>	
At 1st April 2003 and 31st March 2004	633,936
<u>Amortisation:</u>	
At 1st April 2003	31,697
Charge for Year	31,697
At 31st March 2004	63,394
<u>Net Book Value:</u>	
At 31st March 2004	570,542
At 31st March 2003	602,239

8. TANGIBLE FIXED ASSETS

The Group

	Leasehold Property Improve- ments	Fixtures, Fittings and Office Equipment	Plant and Equipment	Motor Vehicles	Total
	£	£	£	£	£
<u>Cost:</u>					
At 1st April 2003	6,464	144,241	59,529	230,213	440,447
Additions	--	7,978	6,811	51,284	66,073
At 31st March 2004	6,464	152,219	66,340	281,497	506,520
<u>Depreciation:</u>					
At 1st April 2003	213	66,758	35,988	73,999	176,958
Charge for Year	597	15,240	2,668	34,410	52,915
At 31st March 2004	810	81,998	38,656	108,409	229,873
<u>Net Book Value:</u>					
At 31st March 2004	5,654	70,221	27,684	173,088	276,647
At 31st March 2003	6,251	77,483	23,541	156,214	263,489

The net book value of tangible fixed assets includes £145,342 (2003: £122,269) in respect of assets held under hire purchase contracts and finance leases. The depreciation charge for the year on those assets amounted to £28,210 (2003: £8,272).

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2004

9. INVESTMENT IN SUBSIDIARIES

(i) <u>The Group</u>	Subsidiary Acquired
	<u>£</u>
<u>Cost:</u>	
At 1st April 2003 and at 31st March 2004	<u>168,318</u>

<u>Subsidiary Undertaking</u>	<u>Country of Incorporation</u>	<u>Activity</u>	<u>Portion of Ordinary Shares Held</u>
Johnson Brothers (Contractors) Limited	England	Acoustical and Thermal Insulation Contractors	100%

The subsidiary was acquired on 6th June 2002 and the following table details the fair values included in the consolidated financial statements at the date of acquisition:

	Book Amount and Fair Value to the Group
	<u>£</u>
Tangible Fixed Assets	143,816
Current Assets	1,782,192
Creditors and Provisions	(619,231)
Taxaton	(94,543)
	<u>1,212,234</u>
Goodwill	633,936
Cash Consideration	<u>1,846,170</u>

(ii) <u>The Company</u>	Shares in Subsidiary Undertaking
	<u>£</u>
<u>Cost:</u>	
Acquired	1,846,170
Cost of Acquisition	168,318
At 1st April 2003 and at 31st March 2004	<u>2,014,488</u>

The subsidiary acquired is unlisted and no provision for diminution in value of the investment is required on either the group or company balance sheet.

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2004

10. STOCK AND WORK IN PROGRESS

	<u>The Group</u>		<u>The Company</u>	
	2004	2003	2004	2003
	£	£	£	£
Raw Materials	95,503	90,406	--	--
Work in Progress	12,156	33,526	--	--
	<u>107,659</u>	<u>123,932</u>	<u>--</u>	<u>--</u>

The directors believe the replacement cost of stock at the balance sheet date is not materially different from the amount shown above.

11. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	2004	2003	2004	2003
	£	£	£	£
Trade Debtors	1,010,497	853,607	--	--
Directors' Loan Account	--	10,311	--	--
Other Debtors	11,447	39,581	--	--
Prepayments and Accrued Income	29,048	70,759	--	--
	<u>1,050,992</u>	<u>974,258</u>	<u>--</u>	<u>--</u>

12. CREDITORS: Amounts Falling Due Within One Year.

	<u>The Group</u>		<u>The Company</u>	
	2004	2003	2004	2003
	£	£	£	£
Bank Overdraft	590,651	664,307	590,651	664,307
Trade Creditors	614,604	404,592	--	--
Amount Owed to Group Companies	--	--	1,356,950	982,364
Other Creditors	--	249,986	--	249,986
Obligations Under Finance Leases and Hire Purchase Contracts	55,840	36,347	--	--
Other Taxes and Social Security	233,420	159,883	922	345
Corporation Tax	52,657	112,600	--	--
Directors' Loans	2,902	--	--	--
Accruals and Deferred Income	120,403	271,047	800	15,240
	<u>1,670,477</u>	<u>1,898,762</u>	<u>1,949,323</u>	<u>1,912,242</u>

JOHNSON BROTHERS (HOLDINGS) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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13. CREDITORS: Amounts Falling Due After  
More Than One Year.

	<u>The Group</u>		<u>The Company</u>	
	2004	2003	2004	2003
	£	£	£	£
Obligations Under Finance Leases and Hire Purchase Contracts	34,356	60,077	--	--

Obligations Under Finance Leases and Hire  
Purchase Contracts:

	<u>The Group</u>		<u>The Company</u>	
	2004	2003	2004	2003
	£	£	£	£
Due Within One Year	63,069	44,046	--	--
Due Between One and Five Years	37,530	67,053	--	--
Due After Five Years or More	--	--	--	--
	100,599	111,099	--	--
<u>Less: Finance Charges Allocated</u> <u>to Future Years</u>	(10,403)	(14,675)	(--)	(--)
	90,196	96,424	--	--

The obligations under finance leases and hire purchase contracts are secured by a charge on the assets purchased under these agreements.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>The Group</u>		<u>The Company</u>	
	2004	2003	2004	2003
	£	£	£	£
<u>Provision for Deferred Taxation:</u>				
At 1st April 2003	25,365	--	--	--
Relating to Subsidiary Acquired	--	16,189	--	--
Amount Transferred to or from the Profit and Loss Account in the Year	2,708	9,176	--	--
At 31st March 2004	28,073	25,365	--	--

JOHNSON BROTHERS (HOLDINGS) LIMITED  
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14. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

A provision for deferred taxation has been made in these financial statements as above. The amount provided is made up as follows:

	<u>The Group</u>		<u>The Company</u>	
	2004	2003	2004	2003
	£	£	£	£
Accelerated Capital Allowances	28,073	25,365	--	--

15. CALLED UP EQUITY SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted and Fully Paid</u>	
	2004	2003	2004	2003
	£	£	£	£
<u>Equity Shares:</u>				
Ordinary Shares of £1 each	100,000	100,000	100,000	100,000

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>The Group</u>		<u>The Company</u>	
	2004	2003	2004	2003
	£	£	£	£
Profit/(Loss) for the Financial Year	99,026	200,948	(37,081)	(40,611)
Issue of Ordinary £1 Shares	--	142,857	--	142,857
Net Addition/(Reduction) to Shareholders Funds	99,026	343,805	(37,081)	102,246
Shareholders Funds as at 1st April 2003	343,805	--	102,246	--
Shareholders Funds as at 31st March 2004	442,831	343,805	65,165	102,246
<u>Represented By:</u>				
Equity Shares	442,831	343,805	65,165	102,246

JOHNSON BROTHERS (HOLDINGS) LIMITED  
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17. RESERVES

	<u>The Group</u>		<u>The Company</u>	
	Profit and Loss Account	Share Premium Account	Profit and Loss Account	Share Premium Account
	£	£	£	£
At 1st April 2003	200,948	42,857	(40,611)	42,857
Retained Profit/(Loss) for the Year	99,026	--	(37,081)	--
At 31st March 2004	<u>299,974</u>	<u>42,857</u>	<u>(77,692)</u>	<u>42,857</u>

18. PENSION COMMITMENTS

The assets of the pension scheme are held separately from those of the group in an independently administered fund. The pension cost represents contributions payable by the group to the fund and amounted to £15,163 (2003: £13,018). Contributions totalling £Nil (2003: £Nil) were payable at the year end and are included in creditors.

19. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £37,081 (2003: £40,611).

20. RELATED PARTY TRANSACTIONS

Mr C. Tonks has control over a majority of shares in the company, and together with his involvement in its day-to-day management, is deemed to be the controlling party for purposes of Financial Reporting Standards No. 8.

During the year consultancy fees of £74,012 (2003: £84,976) were charged to the group by Streamcroft Limited, a company owned by P. Patel, a director of Johnson Brothers (Holdings) Limited.

JOHNSON BROTHERS (HOLDINGS) LIMITED  
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20. RELATED PARTY TRANSACTIONS (continued)

The following related party balances were due to/(from) the group at 31st March 2004:

	<u>2004</u>	<u>2003</u>
	£	£
Streamcroft Limited	(8,638)	(36,062)
C. Tonks, a Director	<u>(2,902)</u>	<u>10,311</u>

The maximum amount outstanding during the period on the director's overdrawn loan account was £10,311.