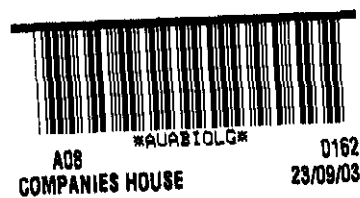


H BRONNLEY & COMPANY LIMITED
DIRECTORS' REPORT AND ACCOUNTS
YEAR ENDED 31st DECEMBER 2002

(www.bronnley.co.uk)

Company Number: 46883



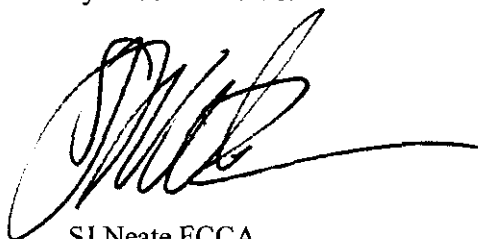
H BRONNLEY & COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of the Company will be held at the Registered Office of the Company at Radstone Road, Brackley, NN13 5AU on 2nd October 2003 at 3:30 p.m. to transact the following business.

1. To receive and consider the Directors' Report and Audited Accounts for the year ended 31st December 2002.
2. To confirm the Dividends as set out in the Audited Accounts.
3. To re-elect Mr HG Blank as a Director.
4. To resolve that the amount of Directors' fees to be paid to each Director pursuant to Article 94 of the Articles of Association shall be £4,770 per annum as from 1st January 2003 and from 1st January 2004.
5. To reappoint auditors and authorise the Directors to determine their remuneration.
6. To transact any other business which may be properly transacted at an Annual General Meeting of the Company.

By Order of the Board



SJ Neate FCCA

Secretary

Date: **118 AUG 2003**

Radstone Road
Brackley
Northamptonshire
NN13 5AU

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and, on a poll, to vote on his/her behalf. A proxy need not be a member of the Company. Any instrument appointing a proxy, to be valid, must be lodged with the Company Secretary at the registered office not later than forty-eight hours before the time fixed for the meeting.

H BRONNLEY & COMPANY LIMITED

DIRECTORS' REPORT

The directors hereby submit their report and the accounts for the year ended 31st December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the group during the year continued to be the production and wholesale distribution of quality soap and toiletries.

A reduction in sales due to the closure of Bronnley France combined with the prudent management of stocks by distributors prior to the imminent relaunch of the entire almond oil range has had an adverse effect on the profitability of the company.

The economic climate remains challenging, however the directors look forward to an improved result in 2003.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts that give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for its financial year. In doing so, the directors are required to:

- select suitable accounting policies and 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 accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

RESULTS AND DIVIDENDS

The loss of the group for the year after taxation amounted to £176,631 (2001-Profit £230,116)

The directors recommend that no dividend be declared on the Ordinary Shares. (2001-£25,028; 6 pence per share).

Preference dividends of £1,981 (2001-£1,981) have been included in the profit and loss account for the year ended 31st December 2002.

The remaining loss for the financial year of £178,612 (2001-Profit £203,107) has been carried to reserves.

CHARITABLE DONATIONS

There were charitable donations in the year of £423 (2001-£868).

H BRONNLEY & COMPANY LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND INTERESTS IN SHARES

The names of the present directors, all of whom served throughout the year, and the number of shares in the company in which they had an interest, as defined by the Companies Act 1985, are as follows:

As at 1st January 2002 and 31st December 2002

	Beneficial Interest				Other Interest			
	Ordinary Shares		Preference Shares		Ordinary Shares		Preference Shares	
	Voting	Non-Voting	6%"B"	5%	Voting	Non-Voting	6%"B"	5%
Miss A Rossiter OBE (Chairman)*	17,365	141,556	15,797	125	--	--	--	--
AR Smith	--	--	80	--	--	--	--	--
HG Blank	--	--	--	--	--	--	--	--
FJ Sheppard (Managing Director)*	500	--	--	--	--	--	--	--
FJ Morris	--	--	5	--	--	--	--	--
*Directors Joint Interests	--	--	--	--	4,181	15,985	4,096	4,625

DIRECTORS' INSURANCE

An insurance policy is maintained for the directors of the company to be indemnified in respect of liabilities incurred in the execution of their duties.

H BRONNLEY & COMPANY LIMITED

DIRECTORS' REPORT (continued)

ENVIRONMENTAL STATEMENT

The relaunch of the new almond oil range has presented the company with an opportunity to analyse its production methodology to ensure that all areas of waste that could have a deleterious effect on the environment have been reduced or eliminated. Although this is an ongoing process, decisions already taken in respect of tooling and standardisation of components have had an immediate beneficial environmental impact.

We continue to invest in the environment surrounding the factory to ensure that local residents both human and fauna are well catered for.

WEBSITE DEVELOPMENT COSTS

The Company maintains its own website with the address *www.bronnley.co.uk*. The cost of developing and maintaining the site are being met from within our own resources and are charged to the profit and loss account as and when they arise.

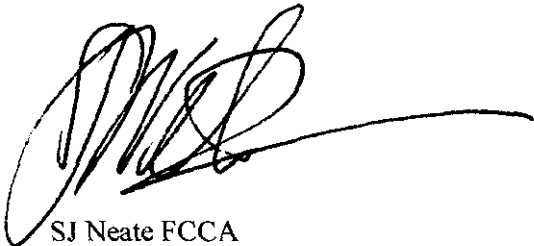
AUDITORS

BDO Stoy Hayward has expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the Annual General Meeting.

STAFF

The Directors thank the staff for their loyalty and co-operation during the year.

On behalf of the Board



SJ Neate FCCA
Secretary

Date: 18 AUG 2003

Radstone Road
Brackley
Northamptonshire
NN13 5AU

H BRONNLEY & COMPANY LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF H BRONNLEY & COMPANY LIMITED

We have audited the financial statements of H Bronnley & Company Limited for the year ended 31st December 2002, on pages 7 to 22, which have been prepared under the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and 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 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

This report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purposes of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

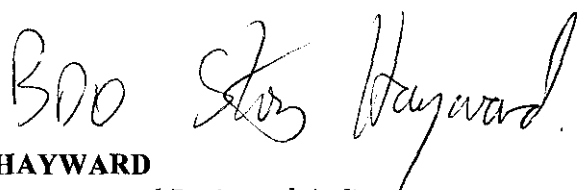
H BRONNLEY & COMPANY LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
H BRONNLEY & COMPANY LIMITED (continued)

Qualified opinion arising from the omission of Retirement Benefits Information

As explained in note 20, the financial statements do not disclose certain information as required by Financial Reporting Standard 17 'Retirement Benefits'.

Except for the omission of certain information about retirement benefits, in our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2002 and of the Group's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "BDO Stoy Hayward". The signature is written in a cursive, flowing style.

BDO STOY HAYWARD

Chartered Accountants and Registered Auditors
London

Date: 18 August 2003

H BRONNLEY & COMPANY LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
YEAR ENDED 31st DECEMBER 2002

	Note	2002 £	2001 £
<u>TURNOVER</u>	2	5,855,294	6,764,435
Cost of sales		<u>(3,638,092)</u>	<u>(3,712,253)</u>
<u>GROSS PROFIT</u>		2,217,202	3,052,182
Selling and distribution costs		<u>(1,131,460)</u>	<u>(1,310,061)</u>
Administrative expenses		<u>(1,334,394)</u>	<u>(1,370,239)</u>
<u>OPERATING (LOSS)/PROFIT</u>		(248,652)	371,882
Other operating income	3	<u>104,131</u>	<u>41,035</u>
		(144,521)	412,917
Interest payable	4	<u>(1,016)</u>	<u>(2,069)</u>
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	2	(145,537)	410,848
Tax thereon	6	<u>(31,094)</u>	<u>(180,732)</u>
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		(176,631)	230,116
(including parent company loss £185,395; 2001-profit £259,284)			
Dividends (including non-equity)	7	<u>(1,981)</u>	<u>(27,009)</u>
<u>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR</u>		(178,612)	203,107
Retained profits brought forward		<u>2,418,226</u>	<u>2,215,119</u>
<u>RETAINED PROFITS CARRIED FORWARD</u>		<u>2,239,614</u>	<u>2,418,226</u>

All amounts relate to continuing activities.


The group has no recognised gains or losses other than the (loss)/profit for the year.

There is no movement in shareholders' funds other than the (loss)/profit for the year.

The notes on pages 11 to 22 form part of these accounts.

H BRONNLEY & COMPANY LIMITED**CONSOLIDATED BALANCE SHEET**
AS AT 31st DECEMBER 2002

	Note	2002	2001
		£	£
FIXED ASSETS			
Tangible assets	8	1,605,692	1,617,533
CURRENT ASSETS			
Stocks	10	1,560,578	1,989,967
Debtors	11	1,075,700	1,220,684
Cash at bank and in hand		1,295,887	992,540
		<u>3,932,165</u>	<u>4,203,191</u>
Creditors - amounts falling due within one year	12	<u>(760,672)</u>	<u>(906,507)</u>
NET CURRENT ASSETS		<u>3,171,493</u>	<u>3,296,684</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,777,185	4,914,217
Provisions for liabilities and charges	13	(181,580)	(140,000)
TOTAL NET ASSETS		<u>4,595,605</u>	<u>4,774,217</u>
CAPITAL AND RESERVES			
Called-up Share Capital	14	450,991	450,991
Other Reserves		1,905,000	1,905,000
Profit & Loss Account		<u>2,239,614</u>	<u>2,418,226</u>
SHAREHOLDERS' FUNDS (including non equity interests)	15	<u>4,595,605</u>	<u>4,774,217</u>

Approved by the board on **18 AUG 2003**
Ann Rossiter O.B.E.
Chairman

The notes on pages 11 to 22 form part of these accounts.


H BRONNLEY & COMPANY LIMITED

COMPANY BALANCE SHEET

AS AT 31st DECEMBER 2002

	Note	2002	2001
		£	£
FIXED ASSETS			
Tangible assets	8	1,605,692	1,617,533
Investments	9	100	202
		<u>1,605,792</u>	<u>1,617,735</u>
CURRENT ASSETS			
Stocks	10	1,560,578	1,989,967
Debtors	11	1,085,397	1,232,795
Cash at bank and in hand		<u>1,276,827</u>	<u>953,936</u>
		3,922,802	4,176,698
Creditors - amounts falling due within one year	12	<u>(752,859)</u>	<u>(872,902)</u>
NET CURRENT ASSETS		<u>3,169,943</u>	<u>3,303,796</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,775,735	4,921,531
Provisions for liabilities and charges	13	<u>(181,580)</u>	<u>(140,000)</u>
TOTAL NET ASSETS		<u><u>4,594,155</u></u>	<u><u>4,781,531</u></u>
CAPITAL AND RESERVES			
Called-up Share Capital	14	450,991	450,991
Other Reserves		1,905,000	1,905,000
Profit & Loss Account		<u>2,238,164</u>	<u>2,425,540</u>
SHAREHOLDERS' FUNDS (including non-equity interests)	15	<u><u>4,594,155</u></u>	<u><u>4,781,531</u></u>

Approved by the board on 13 AUG 2003


Ann Rossiter O.B.E.
Chairman

The notes on pages 11 to 22 form part of these accounts.

H BRONNLEY & COMPANY LIMITED**CONSOLIDATED CASH FLOW STATEMENT**
YEAR ENDED 31st DECEMBER 2002

	Note	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	491,022	592,651
Servicing of finance	17	15,121	14,568
Taxation paid		(79,061)	(242,207)
Investing activities	17	(96,223)	(60,087)
Equity dividend paid		(25,028)	(25,028)
Net cash inflow before financing		<u>305,831</u>	<u>279,897</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	Note	2002 £	2001 £
Change in net funds resulting from cash flows		305,831	279,897
Translation differences		(2,484)	677
Movement in net funds in the year		<u>303,347</u>	<u>280,574</u>
Net funds as at 1 January	18	<u>992,540</u>	<u>711,966</u>
NET FUNDS AS AT 31 DECEMBER	18	<u>1,295,887</u>	<u>992,540</u>

The notes on pages 11 to 22 form part of these accounts.

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards except as explained in note 20.

Basis of consolidation

The group accounts consolidate the accounts of the parent company and the accounts of its subsidiary undertakings made up to 31st December 2002. No profit and loss account is presented for the parent company as permitted by Section 230 of the Companies Act 1985.

Turnover

Group turnover comprises amounts invoiced, excluding value added tax, in respect of goods supplied by the companies.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets other than freehold land to write them off over their anticipated useful lives at the following annual rates and methods:

Freehold buildings		2% - 5% straight line
Plant and machinery	- plant and fixtures	10% - 20% straight line
	- computers and vehicles	20% straight line

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment in their value

Stocks

Stocks are valued at the lower of cost, including appropriate overheads, and estimated net realisable value.

Operating lease contracts

Rentals under operating leases are charged to the profit and loss account as incurred.

Foreign currencies

In the accounts of the individual companies, assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction and ensuing differences are taken to profit and loss account.

The difference arising on restatement of the accumulated losses of foreign subsidiary undertakings is also taken to profit and loss account, because the losses have been financed by the holding company.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax balances are not discounted.

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

1. ACCOUNTING POLICIES (continued)

Pension costs

Contributions to the group's defined benefit pension scheme are charged to the profit and loss account on a systematic and rational basis to spread the cost of providing pensions over the employees' working lives within the group.

Payments are made to the defined contribution personal pension plan of each member, and amounts are charged to the profit and loss account in the year in which they become payable.

2. TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
Turnover by geographical area		
United Kingdom	3,914,326	4,591,506
Rest of Europe	986,460	1,061,172
North and South America	545,397	672,168
Rest of the World	409,111	439,589
	<u>5,855,294</u>	<u>6,764,435</u>
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of fixed assets	106,744	110,049
Auditors' remuneration: Audit fee (parent company)	20,350	20,500
Non-audit services	18,400	9,036
Hire of equipment – operating leases	61,387	69,344
Rent of property – operating leases	--	6,301
Loss on disposal of fixed assets	<u>(1,320)</u>	<u>(1,185)</u>

3. OTHER OPERATING INCOME/(EXPENSES)

	2002 £	2001 £
Commission receivable	100,569	36,841
Loss on exchange	(12,446)	(12,577)
Interest receivable	17,328	17,956
Loss on disposal of fixed assets	<u>(1,320)</u>	<u>(1,185)</u>
	<u>104,131</u>	<u>41,035</u>

4. INTEREST PAYABLE

	2002 £	2001 £
On other borrowings	<u>1,016</u>	<u>2,069</u>

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

5. DIRECTORS AND OTHER EMPLOYEES

	2002 £	2001 £
Staff costs comprise:		
Wages and salaries	2,170,065	2,246,087
Social security costs	162,999	181,878
Other pension costs	262,400	263,994
	<u>2,595,464</u>	<u>2,691,959</u>

Average number of persons employed by the group:

	2002 Number	2001 Number
Production	72	83
Selling and distribution	27	30
Administration	28	28
	<u>127</u>	<u>141</u>

	£	£
Emoluments of the directors:		
For services as executives	256,565	259,235
For services as directors	23,125	22,500
	<u>279,690</u>	<u>281,735</u>

Number of directors	<u>5</u>	<u>5</u>
---------------------	----------	----------

Two directors have benefits accruing under a defined benefit pension scheme.

The remuneration of the highest paid director was as follows:

	2002 £	2001 £
Emoluments	80,419	84,926
Pension Contributions	14,145	10,003
	<u>94,564</u>	<u>94,929</u>

At the balance sheet date, the highest paid director had accrued pension rights amounting to £35,893 per annum (2001-£33,564).

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

6. TAXATION

No charge to UK corporation tax arose for the year to 31st December 2002 due to the availability of losses.

	2002 £	2001 £
UK Corporation Tax		
Current tax on profits for the year	--	151,469
Adjustment in respect of previous periods	(10,486)	--
	<u>(10,486)</u>	<u>151,469</u>
Deferred Tax		
Origination and reversal of timing differences	41,580	29,263
	<u>31,094</u>	<u>180,732</u>
Tax reconciliation:		
(Loss)/profit on ordinary activities before tax	<u>(145,537)</u>	<u>410,848</u>
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 – 30%)	(43,661)	123,254
Effect of:		
Expenses not deductible for tax purposes	38,014	15,125
Tax relief on pension contributions	9,776	20,430
Capital allowances in excess of depreciation	(4,129)	(7,723)
Adjustments to tax charge in respect of prior year	(10,486)	--
Tax losses carried forward	--	383
	<u>(10,486)</u>	<u>151,469</u>

H BRONNLEY & COMPANY LIMITED**NOTES TO THE ACCOUNTS (continued)****7. DIVIDENDS**

	2002 £	2001 £
5% Preference shares	250	250
6% "B" Preference shares	1,731	1,731
Ordinary shares - proposed dividend of nil per share (2001-6p)	--	25,028
	<u>1,981</u>	<u>27,009</u>

8. TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £	Plant and Machinery £	Total £
Cost			
At 1 January 2002	2,043,781	1,097,227	3,141,008
Additions	--	96,223	96,223
Disposals	--	(41,729)	(41,729)
At 31 December 2002	<u>2,043,781</u>	<u>1,151,721</u>	<u>3,195,502</u>
Depreciation			
At 1 January 2002	668,468	855,007	1,523,475
Charge for year	50,767	55,977	106,744
Disposals	--	(40,409)	(40,409)
At 31 December 2002	<u>719,235</u>	<u>870,575</u>	<u>1,589,810</u>
Net Book Value at 31 December 2002	<u>1,324,546</u>	<u>281,146</u>	<u>1,605,692</u>
Net Book Value at 31 December 2001	<u>1,375,313</u>	<u>242,220</u>	<u>1,617,533</u>
Parent Company			
Cost			
At 1 January 2002	2,043,781	1,077,507	3,121,288
Additions	--	96,223	96,223
Disposals	--	(22,009)	(22,009)
At 31 December 2002	<u>2,043,781</u>	<u>1,151,721</u>	<u>3,195,502</u>
Depreciation			
At 1 January 2002	668,468	835,287	1,503,755
Charge for year	50,767	55,977	106,744
Disposals	--	(20,689)	(20,689)
At 31 December 2002	<u>719,235</u>	<u>870,575</u>	<u>1,589,810</u>
Net Book Value at 31 December 2002	<u>1,324,546</u>	<u>281,146</u>	<u>1,605,692</u>
Net Book Value at 31 December 2001	<u>1,375,313</u>	<u>242,220</u>	<u>1,617,533</u>

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

9. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £
Cost:	
At 1st January 2002	6,503
Disposals	(4,956)
At 31st December 2002	<u>1,547</u>
Provisions:	
At 1st January 2002	6,301
Released on disposal	(4,854)
At 31st December 2002	<u>1,447</u>
Net Book Value:	
At 31st December 2002	<u>100</u>
At 31st December 2001	<u>202</u>

The group has the following wholly owned subsidiary undertakings at the year end

	Nature of Business	Country of Incorporation
Bronnley of London Inc.-USA	Sale of toiletries	USA
Bronnley of London Limited	Dormant	Great Britain

10. STOCKS

	Group and Parent Company	
	2002	2001
	£	£
Raw Materials	479,628	647,778
Work in Progress	548,113	496,883
Finished Goods	532,837	845,306
	<u>1,560,578</u>	<u>1,989,967</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

11. DEBTORS

	Group		Parent Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	962,894	1,089,557	898,248	1,018,622
Owed by subsidiary undertakings				
less provisions	--	--	91,560	106,672
Other debtors	27,748	41,838	27,748	36,096
Prepayments and accrued income	85,058	89,289	67,841	71,405
	<u>1,075,700</u>	<u>1,220,684</u>	<u>1,085,397</u>	<u>1,232,795</u>

All amounts shown under debtors fall due for payment within one year.

12. CREDITORS

-amounts falling due within one year

	Group		Parent Company	
	2002	2001	2002	2001
	£	£	£	£
Trade creditors	405,699	385,622	399,273	357,352
Owed to subsidiary undertakings	--	--	--	100
Other Taxation and Social Security	124,240	117,292	124,224	113,952
Proposed dividend	--	25,028	--	25,028
Accruals and deferred income	169,557	234,347	169,557	234,152
Corporation tax	--	89,818	--	89,818
Other creditors	61,176	54,400	59,805	52,500
	<u>760,672</u>	<u>906,507</u>	<u>752,859</u>	<u>872,902</u>

Included within other creditors is £57,400 (2001-£52,500) due to the defined benefit pension scheme.

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Parent Company	
	2002	2001
Deferred taxation:	£	£
Balance at 1 January		
Transfer from profit and loss account	140,000	110,737
Balance at 31 December	41,580	29,263
	<u>181,580</u>	<u>140,000</u>

The deferred taxation provision
comprises:

	Group and Parent Company			
	2002		2001	
	Unprovided	Provided	Unprovided	Provided
Accelerated capital allowances	--	207,106	40,000	155,750
Other short term timing differences	--	(25,526)	--	(15,750)
	<u>--</u>	<u>181,580</u>	<u>40,000</u>	<u>140,000</u>

There is a potential deferred taxation liability, estimated at £19,684 (2001-£29,209) after rebasing at 1982 values where appropriate and indexation allowance, not provided in the accounts, in respect of the capital gain on the sale of property rolled over onto new capital expenditure.

14. SHARE CAPITAL

	2002 and 2001	
	Authorised £	Allotted, Called-Up & Fully Paid £
5% Preference Shares of £1 each	5,000	5,000
6% "B" Preference Shares of £1 each	68,000	28,859
Ordinary Shares of £1 each	47,000	34,761
Ordinary Non-Voting Shares of £1 each	400,000	382,371
	<u>520,000</u>	<u>450,991</u>

All the shares have voting rights except the non-voting shares. The 5% Preference Shares confer a right to priority in the return of capital and dividends over all other shares. The 6% "B" Preference Shares confer a right to priority in the return of capital and dividends over Ordinary Voting and Ordinary Non-Voting Shares

H BRONNLEY & COMPANY LIMITED**NOTES TO THE ACCOUNTS (continued)****15. RECONCILIATION OF
MOVEMENT IN
SHAREHOLDERS'
FUNDS**

	Group		Parent Company	
	2002	2001	2002	2001
	£	£	£	£
(Loss)/Profit for the year	(176,631)	230,116	(185,395)	259,284
Dividends	(1,981)	(27,009)	(1,981)	(27,009)
Net (reduction of)/addition to shareholders' funds	(178,612)	203,107	(187,376)	232,275
Opening shareholders' funds	4,774,217	4,571,110	4,781,531	4,549,256
	<u>4,595,605</u>	<u>4,774,217</u>	<u>4,594,155</u>	<u>4,781,531</u>
Comprising:				
Equity interests	4,561,746	4,740,358	4,560,296	4,747,672
Non equity interests	33,859	33,859	33,859	33,859
	<u>4,595,605</u>	<u>4,774,217</u>	<u>4,594,155</u>	<u>4,781,531</u>

**16. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2002	2001
	£	£
Operating (loss)/profit	(248,652)	371,882
Commission Receivable	100,569	36,841
Depreciation of fixed assets	106,744	110,049
Exchange adjustment	(2,575)	(17,971)
Loss on disposal of fixed assets	1,320	1,185
Decrease/(Increase) in stocks	429,389	(214,916)
Decrease in debtors	136,918	170,681
(Decrease)/Increase in creditors	(32,691)	134,900
Net cash inflow from operating activities	<u>491,022</u>	<u>592,651</u>

H BRONNLEY & COMPANY LIMITED**NOTES TO THE ACCOUNTS (continued)****17. ANALYSIS OF CASH FLOW DURING THE YEAR**

	2002 £	2001 £
Servicing of finance		
Dividend paid on preference shares	(991)	(1,981)
Interest received	17,128	18,618
Interest paid	(1,016)	(2,069)
Net cash inflow for returns on financing	<u>15,121</u>	<u>14,568</u>
Investing Activities		
Purchase of tangible fixed assets	(96,223)	(60,087)
Sale of tangible fixed assets	--	--
Net cash outflow from Investing Activities	<u>(96,223)</u>	<u>(60,087)</u>

18. ANALYSIS OF CHANGE IN NET FUNDS

	1st. January 2002 £	Net Cashflow £	Exchange movements £	31st. December 2002 £
Cash at bank	<u>992,540</u>	<u>305,831</u>	<u>(2,484)</u>	<u>1,295,887</u>

19. OPERATING LEASE COMMITMENTS

	Group & Parent Plant and Equipment	
	2002	2001
Annual amounts not provided:		
Expiring within:		
1 year	41,532	19,704
2 to 5 years	17,892	41,532
	<u>59,424</u>	<u>61,236</u>

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

20. PENSIONS – DEFINED BENEFIT SCHEME

(H Bronnley & Company Limited 1976 Retirement Fund)

Regular Pension Costs (SSAP 24)

The company operates a defined benefit (final salary) pension scheme, the assets of which are held in a separate trustee administered fund. This is a funded scheme.

The pension cost is assessed triennially by a professionally qualified actuary using the “Attained Age” method of valuation. The most recent valuation, at 1st December 2000, showed that the market value of the Fund’s assets was £4,810,640 and that the actuarial value of these assets represented 90% (deficit £500,000, previously £64,000) of the value of benefits that had accrued to members at the valuation date, allowing for future projected salary increases to retirement.

The principal assumptions used were that average investment returns would be 7% (previously 9%) per annum before retirement and 5% (previously 9%) after retirement while salary increases would average 4.5% per annum (previously 6.5% per annum). It was also assumed that present and future pensions would increase at 3% per annum (previously 3% per annum) for benefits accrued up to 5th April 1997 and by 3.5% per annum (previously 4.6% per annum) for benefits accrued after 6th April 1997.

The pension cost for the period amounted to £250,900 (2001-£250,500). The Company’s contributions over the period amounted to £246,000 (2001-£182,400). The difference between the contributions paid and the pension cost resulted in a provision in the accounts of £57,400 (2001-£52,500). The Scheme was closed to new employees who joined the company after 31st December 1998.

FRS 17 Disclosures

The Company is required to comply with the transitional arrangements allowed under FRS 17 for the year ended 31 December 2002. However, in the opinion of the Directors, the expense involved in obtaining the information to enable these disclosures to be made cannot be justified. Therefore the information required by FRS 17 for the second transitional year has not been disclosed in these financial statements.

21. CAPITAL COMMITMENTS

The Company had no capital commitments at the year-end. (2001- £nil)

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

22. CONTROLLING PARTY AND RELATED PARTIES

Miss Ann Rossiter O.B.E. is the controlling party of the company.

There were no related party transactions during the year.

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 8, Related Party Transactions, not to disclose any transactions with entities that are included in the Consolidated Financial Statements.

As at 31st December the balances due from/(to) group undertakings were as follows:

	2002	2001
	£	£
Bronnley of London Inc.-USA	91,560	106,672
A R Sales Limited	--	(100)