

register

H BRONNLEY & COMPANY LIMITED

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2004

(www.bronnley.co.uk)

Company Number: 46883



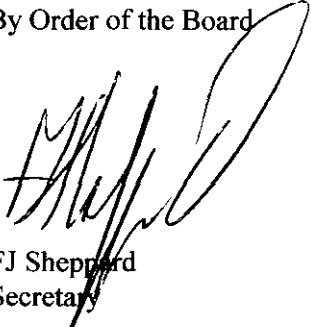
H BRONNLEY & COMPANY LIMITED

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 20th October 2005 at 2.00pm to transact the following business.

1. To consider the Directors' Report and Audited Accounts for the year ended 31st December 2004.
2. To re-elect Mr FJ Morris as a Director.
3. 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 from 1st January 2006.
4. To reappoint BDO Stoy Hayward LLP as auditors and authorise the Directors to determine their remuneration.
5. To transact any other business which may be properly transacted at an Annual General Meeting of the Company.

By Order of the Board



FJ Sheppard
Secretary

15th September 2005

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 2004.

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.

The Directors are disappointed with the results for the current year which reflect difficult trading conditions, particularly in the Far East, as well as the need to make significantly increased contributions to the Company's pension scheme. The Directors remain cautious regarding future prospects during the current period of widely reported tightening in the retail sector.

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 £428,272 (2003-Loss £94,240)

The directors recommend that no dividend be declared on the Ordinary Shares (2003-nil).

Preference dividends of £1,981 (2003-£1,981) have been included in the profit and loss account for the year ended 31st December 2004.

The remaining loss for the financial year of £430,253 (2003-Loss £96,221) has been carried to reserves.

CHARITABLE DONATIONS

There were charitable donations in the year of £355 (2003-£225).

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 2004 and 31st December 2004

	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*	18,402	152,969	16,413	375	--	--	--	--
AR Smith	--	--	80	--	--	--	--	--
HG Blank	--	--	--	--	--	--	--	--
FJ Sheppard*	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 REPORT

The Company has maintained its exemplary record of avoiding any incidents that could have a damaging affect on the environment. This desirable situation has been achieved by the diligence of all members of staff to whom we wish to express our grateful thanks.

There were no inspections during 2004. The last visit from the Environment Agency to monitor our compliance with the Producer Responsibility Obligations (Packaging Waste) Regulations 1997 (As Amended) was in 2003; the Company was deemed to be fully compliant.

We continue to discharge our obligations under the above-mentioned Act through membership of Valpak and wherever possible work to reduce the amounts of paper, glass and plastics used in our activities.

WEB-SITE DEVELOPMENT COSTS

The Company maintains its own web-site 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.

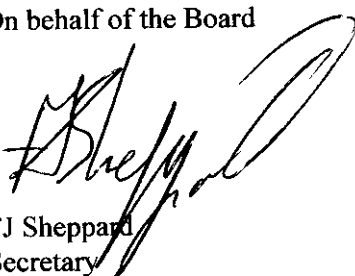
AUDITORS

A resolution to appoint BDO Stoy Hayward LLP as auditors will be proposed at the next Annual General Meeting.

STAFF

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

On behalf of the Board



FJ Sheppard
Secretary

15th September 2005

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 2004, on pages 7 to 21, 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 19, 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 31st December 2004 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO *Stoy Hayward LLP*

BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors

London

15th September 2005

H BRONNLEY & COMPANY LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
YEAR ENDED 31st DECEMBER 2004

	Note	2004 £	2003 £
<u>TURNOVER</u>	2	5,725,982	6,035,282
Cost of sales		<u>(3,405,542)</u>	<u>(3,693,189)</u>
<u>GROSS PROFIT</u>		2,320,440	2,342,093
Selling and distribution costs		<u>(1,297,112)</u>	<u>(1,160,010)</u>
Administrative expenses		<u>(1,619,003)</u>	<u>(1,459,392)</u>
<u>OPERATING LOSS</u>		(595,675)	(277,309)
Other operating income	3	<u>110,311</u>	<u>106,528</u>
<u>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	2	(485,364)	(170,781)
Tax credit on loss on ordinary activities	5	<u>57,092</u>	<u>76,541</u>
<u>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</u> (including parent company loss £428,271; 2003-loss £92,691)		(428,272)	(94,240)
Dividends (including non-equity)	6	<u>(1,981)</u>	<u>(1,981)</u>
<u>LOSS FOR THE FINANCIAL YEAR</u>		(430,253)	(96,221)
Retained profits brought forward		<u>2,143,393</u>	<u>2,239,614</u>
<u>RETAINED PROFITS CARRIED FORWARD</u>		<u>1,713,140</u>	<u>2,143,393</u>

All amounts relate to continuing activities.

The group has no recognised gains or losses other than the loss for the year.

There is no movement in shareholders' funds other than the loss for the year.

The notes on pages 11 to 21 form part of these accounts.

H BRONNLEY & COMPANY LIMITED**CONSOLIDATED BALANCE SHEET**
AS AT 31st DECEMBER 2004

	Note	2004		2003	
FIXED ASSETS		£	£	£	£
Tangible assets	7		1,475,783		1,528,213
CURRENT ASSETS					
Stocks	9	1,502,240		1,529,799	
Debtors	10	1,059,853		1,179,767	
Cash at bank and in hand		973,841		986,466	
		<u>3,535,934</u>		<u>3,696,032</u>	
Creditors - amounts falling due within one year	11	<u>(894,639)</u>		<u>(619,822)</u>	
NET CURRENT ASSETS			<u>2,641,295</u>		<u>3,076,210</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,117,078		4,604,423
Provisions for liabilities and charges	12		(47,947)		(105,039)
TOTAL NET ASSETS			<u>4,069,131</u>		<u>4,499,384</u>
CAPITAL AND RESERVES					
Called-up Share Capital	13		450,991		450,991
Other Reserves			1,905,000		1,905,000
Profit and Loss Account			<u>1,713,140</u>		<u>2,143,393</u>
SHAREHOLDERS' FUNDS (including non equity interests)	14		<u>4,069,131</u>		<u>4,499,384</u>

Approved by the board on 15th September 2005

Ann Rossiter OBE
Chairman

The notes on pages 11 to 21 form part of these accounts.

H BRONNLEY & COMPANY LIMITED**COMPANY BALANCE SHEET**
AS AT 31st DECEMBER 2004

	Note	2004		2003	
FIXED ASSETS		£	£	£	£
Tangible assets	7		1,475,783		1,528,213
Investments	8		101		100
			<u>1,475,884</u>		<u>1,528,313</u>
CURRENT ASSETS					
Stocks	9	1,502,240		1,529,799	
Debtors	10	1,073,524		1,200,338	
Cash at bank and in hand		<u>948,316</u>		<u>959,369</u>	
		3,524,080		3,689,506	
Creditors - amounts falling due within one year	11	<u>(882,786)</u>		<u>(613,297)</u>	
NET CURRENT ASSETS			<u>2,641,294</u>		<u>3,076,209</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,117,178		4,604,522
Provisions for liabilities and charges	12		<u>(47,947)</u>		<u>(105,039)</u>
TOTAL NET ASSETS			<u><u>4,069,231</u></u>		<u><u>4,499,483</u></u>
CAPITAL AND RESERVES					
Called-up Share Capital	13		450,991		450,991
Other Reserves			1,905,000		1,905,000
Profit and Loss Account			<u>1,713,240</u>		<u>2,143,492</u>
SHAREHOLDERS' FUNDS (including non-equity interests)	14		<u><u>4,069,231</u></u>		<u><u>4,499,483</u></u>

Approved by the board on 15th September 2005

Ann Rossiter OBE
Chairman

The notes on pages 11 to 21 form part of these accounts.

H BRONNLEY & COMPANY LIMITED**CONSOLIDATED CASH FLOW STATEMENT**
YEAR ENDED 31st DECEMBER 2004

	Note	2004 £	2003 £
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	15	29,915	(279,873)
Servicing of finance	16	15,723	11,660
Investing activities	16	(56,441)	(39,292)
Net cash outflow before financing		<u>(10,803)</u>	<u>(307,505)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	Note	2004 £	2003 £
Change in net funds resulting from cash flows		(10,803)	(307,505)
Translation differences		<u>(1,822)</u>	<u>(1,916)</u>
Movement in net funds in the year		<u>(12,625)</u>	<u>(309,421)</u>
Net funds as at 1st January	17	<u>986,466</u>	<u>1,295,887</u>
NET FUNDS AS AT 31st DECEMBER	17	<u>973,841</u>	<u>986,466</u>

The notes on pages 11 to 21 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 19.

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 2004. 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 ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £	2003 £
Turnover by geographical area		
United Kingdom	3,725,504	3,842,102
Rest of Europe	1,208,428	1,134,383
North and South America	472,666	500,203
Rest of the World	319,384	558,594
	<u>5,725,982</u>	<u>6,035,282</u>
Loss on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation of fixed assets	116,819	116,794
Auditors' remuneration: Audit fee (parent company)	24,975	23,450
Non-audit services	14,164	13,335
Hire of equipment – operating leases	61,402	61,460
Profit on disposal of fixed assets	<u>(7,949)</u>	<u>(23)</u>

3. OTHER OPERATING INCOME/(EXPENSES)

	2004 £	2003 £
Commission receivable	99,652	98,062
Loss on exchange	(17,183)	(4,359)
Interest receivable	19,851	12,802
Profit on disposal of fixed assets	7,949	23
Other	42	--
	<u>110,311</u>	<u>106,528</u>

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

4. DIRECTORS AND OTHER EMPLOYEES

	2004 £	2003 £
Staff costs comprise:		
Wages and salaries	2,209,039	2,207,498
Social Security costs	188,668	182,511
Other pension costs	442,514	305,258
	<u>2,840,221</u>	<u>2,695,267</u>

Average number of persons employed by the group:

	2004 Number	2003 Number
Production	69	75
Selling and Distribution	29	28
Administration	27	28
	<u>125</u>	<u>131</u>

	£	£
Emoluments of the directors:		
For services as executives	258,312	252,077
For services as directors	23,850	23,850
	<u>282,162</u>	<u>275,927</u>

Number of directors	<u>5</u>	<u>5</u>
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Two directors have benefits accruing under a defined benefit pension scheme.

The remuneration of the highest paid director was as follows:

	2004 £	2003 £
Emoluments	83,760	82,028
Pension Contributions	15,029	14,585
	<u>98,789</u>	<u>96,613</u>

At the balance sheet date, the highest paid director had accrued pension rights amounting to £40,653 per annum (2003-£40,714).

H BRONNLEY & COMPANY LIMITED**NOTES TO THE ACCOUNTS (continued)****5. TAXATION**

	2004 £	2003 £
UK Corporation Tax		
Current tax for the year	--	--
Adjustment in respect of previous periods	--	--
	--	--
Deferred Tax		
Effect of reduced tax rate on opening liabilities	--	(65,735)
Origination and reversal of timing differences	(57,092)	(8,502)
Adjustments in respect of prior periods	--	(2,304)
Movement in deferred tax provision	<u>(57,092)</u>	<u>(76,541)</u>
Tax credit on loss on ordinary activities	<u>(57,092)</u>	<u>(76,541)</u>
Tax reconciliation:		
Loss on ordinary activities before tax	<u>(485,364)</u>	<u>(170,781)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2003 – 19%)	(92,219)	(32,448)
Effect of:		
Expenses not deductible for tax purposes	35,128	31,069
Tax relief on pension contributions	30,547	10,931
Capital allowances in excess of depreciation	(3,338)	(2,429)
Group relief claimed/surrendered	--	(7,123)
Unutilised tax losses	<u>29,882</u>	<u>--</u>
Current tax for the year	<u>--</u>	<u>--</u>

H BRONNLEY & COMPANY LIMITED**NOTES TO THE ACCOUNTS (continued)****6. DIVIDENDS**

	2004 £	2003 £
5% Preference shares	250	250
6% "B" Preference shares	1,731	1,731
	<u>1,981</u>	<u>1,981</u>

7. TANGIBLE FIXED ASSETS

Group and Company	Freehold Land and Buildings £	Plant and Machinery £	Total £
Cost			
At 1st January 2004	2,043,781	1,173,015	3,216,796
Additions	--	64,971	64,971
Disposals	--	(46,622)	(46,622)
At 31st December 2004	<u>2,043,781</u>	<u>1,191,364</u>	<u>3,235,145</u>
Depreciation			
At 1st January 2004	770,001	918,582	1,688,583
Charge for year	50,767	66,052	116,819
Disposals	--	(46,040)	(46,040)
At 31st December 2004	<u>820,768</u>	<u>938,594</u>	<u>1,759,362</u>
Net Book Value at 31st December 2004	<u>1,223,013</u>	<u>252,770</u>	<u>1,475,783</u>
Net Book Value at 31st December 2003	<u>1,273,780</u>	<u>254,433</u>	<u>1,528,213</u>

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

8. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £
Cost:	
At 1st January 2004	1,547
Additions	1
Disposals	--
At 31st December 2004	<u>1,548</u>
Provisions:	
At 1st January 2004	1,447
Released on disposal	--
At 31st December 2004	<u>1,447</u>
Net Book Value:	
At 31st December 2004	<u>101</u>
At 31st December 2003	<u>100</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 Inc	Dormant	USA
Lakeland Garden Toiletries Limited	Sale of toiletries	Great Britain
Bronnley of London Limited	Dormant	Great Britain

9. STOCKS

	Group and Parent Company 2004 £	2003 £
Raw Materials	463,843	421,382
Work in Progress	384,804	587,535
Finished Goods	653,593	520,882
	<u>1,502,240</u>	<u>1,529,799</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)

10. DEBTORS

	Group		Parent Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	917,993	1,046,188	831,000	1,001,395
Subsidiary companies less provisions	--	--	118,546	79,581
Other debtors	44,263	53,070	42,937	51,788
Prepayments and accrued income	97,597	80,509	81,041	67,574
	<u>1,059,853</u>	<u>1,179,767</u>	<u>1,073,524</u>	<u>1,200,338</u>

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

11. CREDITORS

-amounts falling due within one year

	Group		Parent Company	
	2004	2003	2004	2003
	£	£	£	£
Trade creditors	266,461	205,402	254,608	198,877
Other Taxation and Social Security	119,692	111,866	119,692	111,866
Accruals and deferred income	230,040	185,839	230,040	185,839
Corporation tax	271	271	271	271
Other creditors	278,175	116,444	278,175	116,444
	<u>894,639</u>	<u>619,822</u>	<u>882,786</u>	<u>613,297</u>

Included within other creditors is £275,623 (2003-£113,622) due to the defined benefit pension scheme.

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Parent Company	
	2004	2003
	£	£
Deferred taxation:		
Balance at 1st January	105,039	181,580
Transfer to profit and loss account	(57,092)	(76,541)
Balance at 31st December	<u>47,947</u>	<u>105,039</u>

The deferred taxation provision comprises:

	Group and Parent Company	
	2004	2003
	£	£
Accelerated capital allowances	135,474	132,137
Other short term timing differences	(57,645)	(27,098)
Losses and other deductions	(29,882)	--
	<u>47,947</u>	<u>105,039</u>

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

13. SHARE CAPITAL

	2004 and 2003	
	Authorised £	Allotted, Called-Up and 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

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group		Parent Company	
	2004 £	2003 £	2004 £	2003 £
Loss for the year	(428,272)	(94,240)	(428,271)	(92,691)
Dividends	<u>(1,981)</u>	<u>(1,981)</u>	<u>(1,981)</u>	<u>(1,981)</u>
Net reduction of shareholders' funds	(430,253)	(96,221)	(430,252)	(94,672)
Opening shareholders' funds	<u>4,499,384</u>	<u>4,595,605</u>	<u>4,499,483</u>	<u>4,594,155</u>
	<u>4,069,131</u>	<u>4,499,384</u>	<u>4,069,231</u>	<u>4,499,483</u>
Comprising:				
Equity interests	4,035,272	4,465,525	4,035,372	4,465,624
Non equity interests	<u>33,859</u>	<u>33,859</u>	<u>33,859</u>	<u>33,859</u>
	<u>4,069,131</u>	<u>4,499,384</u>	<u>4,069,231</u>	<u>4,499,483</u>

H BRONNLEY & COMPANY LIMITED**NOTES TO THE ACCOUNTS (continued)****15. RECONCILIATION OF OPERATING LOSS TO NET FLOWS FROM OPERATING ACTIVITIES**

	2004 £	2003 £
Operating loss	(595,675)	(277,309)
Commission receivable	99,652	98,062
Other operating income	42	--
Depreciation of fixed assets	116,819	116,794
Exchange adjustment	(11,833)	5,003
Decrease in stocks	27,559	30,779
Decrease / (increase) in debtors	118,094	(113,138)
Increase / (decrease) in creditors	275,257	(140,064)
Net cash inflow / (outflow) from operating activities	<u>29,915</u>	<u>(279,873)</u>

16. ANALYSIS OF CASH FLOW DURING THE YEAR

	2004 £	2003 £
Servicing of finance		
Dividend paid on preference shares	(1,981)	(1,981)
Interest received	17,704	13,641
Interest paid	--	--
Net cash inflow for returns on financing	<u>15,723</u>	<u>11,660</u>

Investing Activities

Purchase of tangible fixed assets	(64,971)	(39,326)
Sale of tangible fixed assets	8,530	34
Net cash outflow from investing activities	<u>(56,441)</u>	<u>(39,292)</u>

17. ANALYSIS OF CHANGE IN NET FUNDS

	1st. January 2004 £	Net Cashflow £	Exchange movements £	31st. December 2004 £
Cash at bank	<u>986,466</u>	<u>(10,803)</u>	<u>(1,822)</u>	<u>973,841</u>

18. OPERATING LEASE COMMITMENTS

	Group and Parent Plant and Equipment	
	2004 £	2003 £
Annual amounts not provided:		
Expiring within:		
1 year	19,741	5,919
2 to 5 years	<u>28,927</u>	<u>56,304</u>
	<u>48,668</u>	<u>62,223</u>

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

19. 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 2003, showed that the market value of the Fund’s assets was £4,318,000 and that the actuarial value of these assets represented 67% (deficit £2,123,000, previously £500,000) of the value of benefits that had accrued to members at the valuation date, allowing for future projected salary increases to retirement. In order to address the significantly higher deficit, employer’s and employees’ contributions have been increased, with effect from 1 January 2005 and 1 July 2005 respectively, in accordance with the recommendations of the Fund Actuary.

The principal assumptions used were that average investment returns would be 7% (previously 7%) per annum before retirement and 5% (previously 5%) after retirement while salary increases would average 4% per annum (previously 4.5% 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 3.5% per annum) for benefits accrued after 6th April 1997.

The pension cost for the period amounted to £428,330 (2003-£291,591). The Company’s contributions over the period amounted to £266,329 (2003-£235,369). The difference between the contributions paid and the pension cost resulted in a provision in the accounts of £275,623 (2003-£113,622). 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 FRS 17 for the year ended 31st December 2004. 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 has not been disclosed in these financial statements.

20. CAPITAL COMMITMENTS

The Company had no capital commitments at the year-end. (2003- £nil)

H BRONNLEY & COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

21. CONTROLLING PARTY AND RELATED PARTIES

Miss Ann Rossiter OBE 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.