

SLACK BROTHERS LIMITED

STATEMENT OF ACCOUNTS

for the year ended

31 MARCH 2000



SLACK BROTHERS LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the accounts of the company for the year ended 31 March 2000.

Business Review

The company has not traded during the current and preceding financial year and received no income and incurred no expenditure. Consequently during those years the company made neither a profit nor a loss.

Directors

The following were directors of the company during the year; the interests in the ordinary shares of Chapelthorpe plc of the directors are shown below:

	<u>31 March 2000</u>		<u>1 April 1999</u> <u>(or date of appointment if later)</u>	
	<u>Holdings</u>	<u>Options</u>	<u>Holdings</u>	<u>Options</u>
D G Ellis	25,948	112,078	19,735	104,721
G Hunt	16,272	64,282	10,751	69,223

During the year Mr D G Ellis was awarded options to subscribe for 34,540 ordinary shares respectively at 27.75p under the Chapelthorpe plc Savings Related Share Option Scheme 1994.

During the year Mr D G Ellis and Mr G Hunt were awarded 10,071 and 9,313 ordinary shares respectively under the Chapelthorpe plc Invested Bonus Share Plan 1997 (the "Invested Bonus Plan"). Half of the options acquired under the Invested Bonus Plan will vest at nil cost upon each of the third and fifth anniversaries of the award provided the participant remains within the employ of the Group.

During the year Mr D G Ellis and Mr G Hunt were each granted options to subscribe for 10,000 ordinary shares under the Chapelthorpe plc Executive Share Option Scheme 1994 (the "Executive Scheme") at 34.50p per share.

The above options and awards are not conditional on any performance criteria except for the Executive Scheme which requires that the percentage increase in normalised earnings per share, over a relevant three year period exceeds the percentage increase in the Retail Prices Index over the same period plus 6%.

Auditors

PricewaterhouseCoopers are willing to continue as auditors and a resolution for their re-appointment will be proposed at the Annual General Meeting, together with a resolution to authorise the Directors to fix the remuneration of the auditors.

Directors' responsibilities in respect of the preparation of accounts

The directors are required by company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

In preparing the accounts, 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 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 ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company. The directors also have a 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.

On behalf of the board,



G Hunt
Director

26 May 2000

AUDITORS' REPORT

TO THE MEMBERS OF SLACK BROTHERS LIMITED

We have audited the financial statements on pages 4 to 6 which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 affairs of the company at 31 March 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester

26 May 2000

SLACK BROTHERS LIMITED

BALANCE SHEET

31 MARCH 2000

	<u>Notes</u>	<u>2000</u> <u>£</u>	<u>1999</u> <u>£</u>
<u>CREDITORS</u>			
Amounts falling due within one year	2	174,241	174,241
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>(174,241)</u>	<u>(174,241)</u>
<u>CAPITAL AND RESERVES</u>			
Called up equity share capital (including non-equity interests)	3	2,854	2,854
Other reserves		35,077	35,077
Profit and loss account	4	(212,172)	(212,172)
Total Shareholders' deficit		<u>(174,241)</u>	<u>(174,241)</u>
Attributable to:			
Equity interests		(174,669)	(174,669)
Non-equity interests		428	428
		<u>(174,241)</u>	<u>(174,241)</u>

Approved by the directors on 26 May 2000


D G Ellis


G Hunt

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} Directors
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SLACK BROTHERS LIMITED

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared in accordance with applicable accounting standards using the historical cost convention. The ultimate holding company has indicated its intention to continue to provide support for the company for the foreseeable future.

NOTES TO THE ACCOUNTS

1. DIRECTORS EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company during the year.

2. CREDITORS

Amounts falling due within one year:
Group companies

<u>2000</u>	<u>1999</u>
<u>£</u>	<u>£</u>
174,241	174,241

3. CALLED UP SHARE CAPITAL

Number

Authorised

Ordinary shares of £1 each	3,422	3,422	3,422
Convertible preferred ordinary shares of £1 each	578	578	578

4,000	4,000
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Allotted and fully paid

Ordinary shares of £1 each	2,426	2,426	2,426
Convertible preferred ordinary shares of £1 each	428	428	428

2,854	2,854
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NOTES TO THE ACCOUNTS

3. CALLED UP SHARE CAPITAL (continued)

The holders of the convertible preferred ordinary shares are entitled to dividends in priority to the holders of the ordinary shares.

The convertible preferred ordinary shares are only redeemable in the event of a winding up of the company, when the holders have preference over the holders of ordinary shares.

The convertible preferred ordinary shares can be converted at any time at the option of the holders.

The voting rights of the holders of the convertible preferred ordinary shares are the same as those of the ordinary shares.

4. PROFIT & LOSS ACCOUNT

The company has not traded during the year and has made neither profit or loss nor any other recognised gain or loss in the current and preceding financial year.

5. ULTIMATE HOLDING COMPANY

The ultimate holding company is Chapelthorpe plc, a company incorporated in Great Britain, and the holding company within the group that consolidates these accounts. Copies of the group accounts for Chapelthorpe plc may be obtained from Chapelthorpe Hall, Church Lane, Chapelthorpe, Wakefield.