

BEVAN FUNNELL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 OCTOBER 2002



Company No. 425363

BEVAN FUNNELL LIMITED

FINANCIAL STATEMENTS

For the year ended 31 October 2002

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BEVAN FUNNELL LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 October 2002.

Principal activities

The group is principally engaged in the manufacture and sale of traditional English furniture.

Results and dividends

The group loss for the year after taxation amounted to £423,000. The directors do not recommend the payment of a dividend, and the loss has been transferred to reserves.

Review of the business and future developments

The operating result achieved during 2002 was marginally less, 1.32% than that for the previous year despite the reduction of sales of 13%. During the year the directors continued to take steps to reduce costs and the amount of stock held. The closure of a manufacturing unit was also undertaken and steps were invoked to improve manufacturing efficiency at the Newhaven plant.

The directors consider that improved productivity and further cost reductions will allow the company to meet the continuing challenges of an increasingly competitive world furniture market.

Directors

The directors in office during the year are listed below.

B B Funnell
J D Cotton (resigned 12 March 2003)
T G Vermeer
D W Bradfield
P J Braithwaite (resigned 2 November 2002)
E Coles (resigned 19 December 2002)
S R Funnell (appointed 22 July 2002)
M J Petry

None of the directors had any interest in the shares of the company at 1 November 2001, or date of appointment if later, or 31 October 2002.

At 31 October 2002 468,000 shares in the company were owned by Heatherside Trust Limited, which was wholly owned by B B Funnell (1 November 2001: 468,000 shares).

Property valuation

The directors consider the current value of properties to be in excess of book value (other than investment properties which have been included at directors' estimate), however, they cannot justify the expense of new professional valuations and therefore any difference cannot be quantified.

BEVAN FUNNELL LIMITED

REPORT OF THE DIRECTORS

Statement of directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group by regular meetings between Management and Briefing Groups representatives.

Employment of disabled persons

The policy of the group within the United Kingdom is to consider all job applications equally and employ disabled persons where appropriate.

Auditors

Grant Thornton and Norman Ball, Jordan & Co., offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

By Order of the Board


Secretary

Registered office:

Reprodux House
Norton Road
NEWHAVEN
East Sussex
BN9 0BZ

19th June 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

BEVAN FUNNELL LIMITED

We have audited the financial statements of Bevan Funnell Limited for the year ended 31 October 2002 which comprise the accounting policies, the group profit and loss account, the statement of total recognised gains and losses, the balance sheets, the group cash flow statement and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable United Kingdom law and 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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Gatwick
23 June 2003



NORMAN BALL, JORDAN & CO
REGISTERED AUDITORS
CHARTERED CERTIFIED ACCOUNTANTS

Hove
23 June 2003

BEVAN FUNNELL LIMITED

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention, as modified by the revaluation of the investment properties.

The principal accounting policies of the group are set out below. They have remained unchanged from the previous year, except for the policy on deferred tax which has been updated following the introduction of FRS19.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. All accounting periods terminate on 31 October apart from the two overseas subsidiary undertakings which, for administrative reasons, end on 31 July, which is the date to which they are consolidated. All intra-group profits are eliminated on consolidation.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration over the fair value of the identifiable net assets acquired, is dealt with as explained in the goodwill policy below.

GOODWILL

As a matter of accounting policy, purchased goodwill first accounted for in accounting periods ending before 23 December 1998, the implementation date of Financial Reporting Standard No 10, was eliminated from the financial statements by immediate write off on acquisition against reserves. Such goodwill will be charged to the profit and loss account on the subsequent disposal of the business to which it relates. Similarly the capital reserve, which arose in an earlier year on acquisition of the minority interests in certain subsidiary undertakings, has been eliminated against reserves.

TURNOVER

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost of tangible fixed assets, other than freehold land and the investment properties, to their estimated residual value by equal annual instalments over their expected useful lives.

The periods generally applicable are:

Freeholds - UK properties	50 years
Freeholds - overseas properties	10 to 20 years
Plant, machinery and vehicles	5 to 20 years

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No 19, the group's properties held for long-term investment comprising of one long leasehold and one freehold property are included in the balance sheet at their open market values. The surplus or deficit on revaluation of these properties are transferred to an investment property revaluation reserve. Neither of the investment properties are amortised.

This policy represents a departure from statutory accounting principles. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation.

BEVAN FUNNELL LIMITED

ACCOUNTING POLICIES

STOCKS

Stocks are stated at the lower of cost and net realisable value.

DEFERRED TAX

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

FOREIGN CURRENCIES

In individual companies, monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, whereas non monetary assets and liabilities are translated using the rate of exchange ruling at the date of acquisition. Exchange profits or losses arising on trading are accounted for through the profit and loss account.

On consolidation, assets, liabilities and the operating results of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at their balance sheet date. Exchange differences arising from the restatement of opening balance sheets of these subsidiary undertakings are dealt with through reserves.

INVESTMENTS

Fixed asset investments are included at cost less amounts written off.

Current asset investments are included at the lower of cost and net realisable value. Market value is shown by way of note.

LEASING

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

PENSION COSTS

The pension costs charged against profits represent the amount of the contributions payable to defined contribution schemes in respect of the accounting period.

BEVAN FUNNELL LIMITED
GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31 October 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Turnover	1		10,722		12,355
Cost of sales			7,061		7,991
Gross profit			3,661		4,364
Distribution costs		2,700		3,055	
Administrative expenses		1,069		1,089	
Other charges		1,234		1,203	
			5,003		5,347
Operating loss			(1,342)		(983)
Exceptional items:					
Redundancy costs		(303)		-	
Profit on disposal of fixed assets		1,361		-	
			1,058		-
Net interest and similar items					
Interest receivable and similar income		192		249	
Interest payable	2	(53)		(71)	
Loss on exchange		(261)		(55)	
			(122)		123
Loss on ordinary activities before taxation	1		(406)		(860)
Tax on loss on ordinary activities	4		17		54
Loss sustained on ordinary activities after taxation	5,16 & 17		(423)		(914)
Statement of total recognised gains and losses					
Loss sustained for the financial year			(423)		(914)
Unrealised surplus on revaluation of investment properties			325		358
Differences on foreign currency net investments			332		(35)
Total recognised gains and losses for the year			234		(591)

The accompanying accounting policies and notes form an integral part of these financial statements.

BALANCE SHEETS AT 31 OCTOBER 2002

The financial statements were approved by the board of directors on 19th June 2003

DIRECTORS

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BEVAN FUNNELL LIMITED**GROUP CASH FLOW STATEMENT**

For the year ended 31 October 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Net cash outflow from operating activities	18		(978)		(12)
Returns on investments and servicing of finance					
Interest received		192		249	
Interest paid		(53)		(71)	
			139		178
Taxation					
Corporation and overseas tax repaid/(paid)			71		(130)
Capital expenditure and financial investment					
Payments to acquire current asset investments		(567)		-	
Receipts on disposal of current asset investments		-		181	
Payments to acquire tangible fixed assets		(477)		(66)	
Receipts from sale of tangible fixed assets		1,961		15	
			917		130
Net cash inflow before adjustments for the effect of the foreign exchange rate changes			149		166
Effect of foreign exchange rate changes			85		28
Increase in cash			234		194
			<u> </u>		<u> </u>
Reconciliation of net cash flow to movement in net funds					
Increase in cash in year			234		194
Net funds at 1 November			486		292
Net funds at 31 October	19		720		486
			<u> </u>		<u> </u>

The accompanying accounting policies and notes form an integral part of these financial statements.

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and loss on ordinary activities are attributable to the principal activity, the manufacture and sale of traditional English furniture.

An analysis of turnover by geographical market is given below:

	2002 £'000	2001 £'000
United Kingdom	4,467	5,028
Europe	2,920	3,328
North America	2,429	3,179
Other	906	820
	<u>10,722</u>	<u>12,355</u>

Loss on ordinary activities is stated after:

	2002 £'000	2001 £'000
Operating lease payments - land and buildings	107	106
Auditors' remuneration - audit services	30	36
- non audit services	6	6
Depreciation	218	237
Profit on disposal of fixed assets	<u>(1,382)</u>	<u>(7)</u>

2 INTEREST PAYABLE

	2002 £'000	2001 £'000
On bank loans and overdrafts	<u>53</u>	<u>71</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were:

	2002 £'000	2001 £'000
Wages and salaries	4,975	5,495
Social security	477	510
Other pension costs	15	16
Redundancy costs	303	-
	<u>5,770</u>	<u>6,021</u>

The average number of employees of the group during the year was:

	Number	Number
Production	257	281
Others	53	57
	<u>310</u>	<u>338</u>

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

3 DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	2002 £'000	2001 £'000
Management remuneration	<u>238</u>	<u>303</u>
	2002 £'000	2001 £'000
Highest paid director	<u>53</u>	<u>60</u>

In addition to the above, a consultancy fee of £28,000 (2001: £22,000) in respect of services rendered outside the United Kingdom was paid to an off shore company controlled by Mr B B Funnell.

4 TAX ON LOSS ON ORDINARY ACTIVITIES

Based on the result for the year as follows:

	2002 £'000	2001 £'000
Overseas tax	23	67
Adjustments in respect of prior years		
Corporation tax	-	1
Overseas tax	<u>(6)</u>	<u>(14)</u>
	<u>17</u>	<u>54</u>

The tax assessed for the year is different to the standard rate of corporation tax in the UK as explained below:

	2002 £'000	2001 £'000
Loss on ordinary activities before tax	<u>(406)</u>	<u>(860)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(122)	(258)
Tax effect of:		
Expenses not deductible for tax purposes	7	32
Non taxable income	-	35
Excess of depreciation charge for the period over capital allowances	154	205
Higher rates on overseas earnings	(4)	(11)
Adjustments to tax charge in respect of prior periods	(6)	(13)
Adjustments in respect of capital disposals	(371)	25
Utilised trading loss to cessation	189	-
Losses carried forward for future utilisation	170	23
Other adjustments	-	16
Current taxation charge	<u>17</u>	<u>54</u>

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

5 LOSS SUSTAINED ON ORDINARY ACTIVITIES AFTER TAXATION

The company has taken advantage of section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the year includes a profit of £167,000 (2001: £548,000 loss) which is dealt with in the financial statements of the parent undertaking.

6 TANGIBLE FIXED ASSETS

Group			Freehold investment property	Long leasehold investment property	Plant, machinery and vehicles
	Total £'000	Freehold £'000	£'000	£'000	£'000
Cost or valuation					
At 1 November 2001	8,416	2,452	600	475	4,889
Additions	477	-	-	-	477
Revaluation	325	-	150	175	-
Disposals	(771)	(404)	-	-	(367)
Exchange differences	-	3	-	-	(3)
At 31 October 2002	8,447	2,051	750	650	4,996
Depreciation					
At 1 November 2001	4,880	705	-	-	4,175
Provided in the year	218	32	-	-	186
Disposals	(192)	(20)	-	-	(172)
Exchange differences	(7)	(5)	-	-	(2)
At 31 October 2002	4,899	712	-	-	4,187
Net book amounts					
At 31 October 2002	3,548	1,339	750	650	809
At 31 October 2001	3,536	1,747	600	475	714

The freehold investment property and long leasehold investment property are held at the directors' estimate of the open market value. The historical cost amounts of these assets are £242,000 and £272,000 respectively.

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

TANGIBLE FIXED ASSETS (CONTINUED)

Company					
	Total	Freehold	Freehold	Long leasehold	Plant,
	£'000	£'000	investment	investment property	machinery
			property	£'000	and vehicles
			£'000		£'000
Cost or valuation					
At 1 November 2001	5,719	1,489	600	475	3,155
Transfer	106	-	-	-	106
Additions	443	-	-	-	443
Revaluation	325	-	150	175	-
Disposals	(770)	(404)	-	-	(366)
At 31 October 2002	5,823	1,085	750	650	3,338
Depreciation					
At 1 November 2001	2,630	52	-	-	2,578
Provided in the year	165	26	-	-	139
Disposals	(191)	(20)	-	-	(171)
At 31 October 2002	2,604	58	-	-	2,546
Net book amounts					
At 31 October 2002	3,219	1,027	750	650	792
At 31 October 2001	3,089	1,437	600	475	577

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

7 FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertakings £'000
Cost	
At 1 November 2001 and at 31 October 2002	<u>183</u>
Amounts written off	
At 1 November 2001 and At 31 October 2002	<u>16</u>
Net book amounts	
At 31 October 2002 and at 31 October 2001	<u><u>167</u></u>

The subsidiary undertakings, which are all wholly owned, are shown below:

	Country of incorporation	Class	Share capital issued
A K Verity Limited	England and Wales	Ordinary	£4,000
H & A G Alexander & Company Limited	Scotland	Ordinary	£36,000
Shard Stebbing Limited	England and Wales	Ordinary	£25,600
John Lawrence & Co. (Dover) Limited	England and Wales	Ordinary Preference	£100 £1,200
D & S Partners Limited	England and Wales	Ordinary Preference	£290 £290
Bevan Funnell Limited (Reprodux) Inc	USA	Ordinary	* \$25,000
Bevan S A	Switzerland	Ordinary	SF 50,000

* Bevan S A holds 50% of the ordinary share capital of Bevan Funnell Limited (Reprodux) Inc.

The principal activity of the subsidiary undertakings is the sale of reproduction furniture, except for John Lawrence & Co. (Dover) Limited, which manufactures brass handles and fittings. H & A G Alexander & Company Limited, A K Verity Limited, Shard Stebbing Limited and D & S Partners Limited are dormant.

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

8 STOCKS

	Group 2002 £'000	Group 2001 £'000	Company 2002 £'000	Company 2001 £'000
Raw materials	551	627	550	452
Work in progress	3,979	4,581	3,957	4,379
Finished goods	3,362	3,492	1,537	1,503
	<u>7,892</u>	<u>8,700</u>	<u>6,044</u>	<u>6,334</u>

9 DEBTORS

	Group 2002 £'000	Group 2001 £'000	Company 2002 £'000	Company 2001 £'000
Amounts falling due within one year:				
Trade debtors	1,665	1,625	1,171	999
Amounts owed by group undertakings	-	-	1,177	1,186
Corporation and overseas tax recoverable	7	131	-	-
Prepayments and accrued income	471	241	105	224
	<u>2,143</u>	<u>1,997</u>	<u>2,453</u>	<u>2,409</u>

10 CURRENT ASSET INVESTMENTS

These are listed on a foreign investment exchange. At the year end the market value was £1,907,000 (2001: £1,397,000).

11 BANK OVERDRAFTS

The overdrafts are secured by a fixed charge over UK freehold property.

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

12 OTHER CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2002 £'000	Group 2001 £'000	Company 2002 £'000	Company 2001 £'000
Trade creditors	546	490	477	430
Amounts owed to group undertakings	-	-	2,160	2,132
Corporation tax and overseas tax	7	43	-	-
Social security and other taxes	135	178	131	173
Accruals	477	537	451	433
	<u>1,165</u>	<u>1,248</u>	<u>3,219</u>	<u>3,168</u>

13 DEFERRED TAX

	Group 2002 £'000	Group 2001 £'000	Company 2002 £'000	Company 2001 £'000
Not provided				
Accelerated capital allowances	66	220	66	226
Trading losses	(595)	(555)	(595)	(502)
Other timing differences	(26)	(66)	-	-
	<u>(555)</u>	<u>(401)</u>	<u>(529)</u>	<u>(276)</u>

A deferred tax asset on the excess of unutilised trading losses and other timing differences over accelerated capital allowances has not been recognised as it is uncertain whether suitable taxable profits will be available in the future to offset against these amounts.

No capital tax charge is expected to arise on the sale of any of the revalued assets.

Deferred tax has not been provided on earnings retained overseas as no binding agreement to transfer funds from overseas subsidiaries to the parent company exists.

14 CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised		
500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>
Allotted, called up and fully paid		
468,000 ordinary shares of £1 each	<u>468</u>	<u>468</u>

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

15 INVESTMENT PROPERTY REVALUATION RESERVE

	Group £'000	Company £'000
At 1 November 2001	561	203
Revaluation	325	325
At 31 October 2002	886	528

16 PROFIT AND LOSS ACCOUNT

	Group £'000	Company £'000
At 1 November 2001	13,732	7,392
(Loss sustained)/profit retained for the year	(423)	167
Exchange differences	332	-
At 31 October 2002	13,641	7,559

The group reserves in both years include non-distributable reserves in an overseas subsidiary undertaking of £17,000.

Positive goodwill of £168,000 and negative goodwill of £44,000 arising on consolidation has been written off in prior years.

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Loss sustained for the financial year	(423)	(914)
Exchange differences	332	(35)
Unrealised revaluation surplus	325	358
Increase/(decrease) in shareholders' funds in the year	234	(591)
Shareholders' funds at 1 November	14,761	15,352
Shareholders' funds at 31 October 2002	14,995	14,761

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

18 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2002 £'000	2001 £'000
Operating loss	(1,342)	(983)
Exceptional costs	(303)	
Depreciation	218	237
Profit on sale of tangible fixed assets	(21)	(7)
Exchange rate movements	(21)	(129)
Decrease in stocks	808	822
(Increase)/decrease in debtors	(270)	391
Decrease in creditors	(47)	(343)
	<u>(978)</u>	<u>(12)</u>

19 ANALYSIS OF NET FUNDS

	At 1 November 2001 £'000	Cashflow £'000	At 31 October 2002 £'000
Cash at bank and in hand	1,381	(502)	879
Overdraft	(895)	736	(159)
	<u>486</u>	<u>234</u>	<u>720</u>

20 CAPITAL COMMITMENTS

The group and the company had no capital commitments at 31 October 2002 or at 31 October 2001.

21 CONTINGENT LIABILITIES

- a The company has guaranteed all advances made by National Westminster Bank plc in favour of A K Verity Limited, Shard Stebbing Limited, D & S Partners Limited and John Lawrence & Co. (Dover) Limited. The overdrafts of these subsidiary undertakings at 31 October 2002 totalled £21,000 (2001: £28,000).

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 October 2002

22 OPERATING LEASES

The group and the company are committed to leasing payments of £129,000 (2001: £151,000) and £82,000 (2001: £81,000) respectively on annual commitments under operating leases within the next year. The commitments to make these payments expire during the following years:

	Group Land and buildings 2002 £'000	Group Land and buildings 2001 £'000	Company Land and buildings 2002 £'000	Company Land and buildings 2001 £'000
In 1 year or less	76	80	36	35
In 2 to 5 years	6	6	6	6
In 5 years or more	47	65	40	40
	<u>129</u>	<u>151</u>	<u>82</u>	<u>81</u>

23 ULTIMATE HOLDING UNDERTAKING

The ultimate holding undertaking is Heatherside Trust Limited, a company incorporated in Guernsey, Channel Islands. Group accounts have only been prepared by Bevan Funnell Limited.

24 RELATED PARTY TRANSACTIONS

A leasehold property from which the company trades is owned by one of the directors, Mr B B Funnell. The company pays him an annual rent of £40,000. Further related party transactions are shown in note 3.