

JOHNSON BROS COAL FACTORS LTD

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2002



Gerald Thomas & Co
Chartered Accountants
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

JOHNSON BROS COAL FACTORS LTD

COMPANY INFORMATION FOR THE YEAR ENDED 30 APRIL 2002

DIRECTORS: R A Johnson
K Johnson
M Johnson
V H Johnson

SECRETARY: R A Johnson

REGISTERED OFFICE: Furze Bank
34 Hanover Street
Swansea
SA1 6BA

REGISTERED NUMBER: 761527 (England and Wales)

AUDITORS: Gerald Thomas & Co
Chartered Accountants
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

BANKERS: Barclays Bank Plc
1-6 Pocketts Wharf
Swansea
SA1 3XL

JOHNSON BROS COAL FACTORS LTD

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 APRIL 2002

The directors present their report with the financial statements of the company for the year ended 30 April 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of coal factors and coal processing operators, and the holding of investment properties for letting.

DIRECTORS

The directors during the year under review were:

R A Johnson
K Johnson
M Johnson
V H Johnson

The beneficial interests of the directors holding office on 30 April 2002 in the issued share capital of the company were as follows:

	30.4.02	1.5.01
Ordinary £1 shares		
R A Johnson	125	125
K Johnson	125	125
M Johnson	125	125
V H Johnson	125	125

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

AUDITORS

The auditors, Gerald Thomas & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


V H Johnson - DIRECTOR

Dated:

24/2/03

JOHNSON BROS COAL FACTORS LTD

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF JOHNSON BROS COAL FACTORS LTD

We have audited the financial statements of Johnson Bros Coal Factors Ltd for the year ended 30 April 2002 on pages four to twelve. These financial statements have been prepared under the historical cost convention and 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 directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 the company's affairs as at 30 April 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Gerald Thomas

Gerald Thomas & Co
Chartered Accountants
Furze Bank
34 Hanover Street
Swansea
SA1 6BA

Dated: 24/2/03

JOHNSON BROS COAL FACTORS LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2002

	Notes	2002 £	£	2001 £	£
TURNOVER			834,887		1,116,223
Cost of sales			568,822		754,761
GROSS PROFIT			266,065		361,462
Administrative expenses			252,159		218,389
			13,906		143,073
Other operating income			(667)		4,777
OPERATING PROFIT	2		13,239		147,850
Income from shares in group undertakings		164,000		-	
Interest receivable and similar income		354		-	
			164,354		-
			177,593		147,850
Interest payable and similar charges			168,902		195,869
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			8,691		(48,019)
Tax on profit/(loss) on ordinary activities	3		-		(113)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			8,691		(47,906)
RETAINED PROFIT/(DEFICIT) FOR THE YEAR			£8,691		£(47,906)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes form part of these financial statements

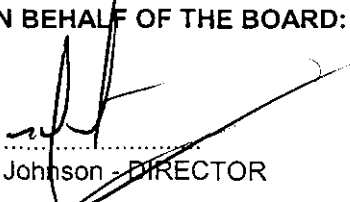
JOHNSON BROS COAL FACTORS LTD

BALANCE SHEET 30 APRIL 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	4	7,427	12,269
Investments	5	3,181,725	3,161,431
		<u>3,189,152</u>	<u>3,173,700</u>
CURRENT ASSETS			
Stocks		123,210	115,150
Debtors	6	372,978	395,098
		<u>496,188</u>	<u>510,248</u>
CREDITORS			
Amounts falling due within one year	7	1,544,294	1,442,102
NET CURRENT LIABILITIES		<u>(1,048,106)</u>	<u>(931,854)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,141,046</u>	<u>2,241,846</u>
CREDITORS			
Amounts falling due after more than one year	8	1,357,872	1,467,363
		<u>£783,174</u>	<u>£774,483</u>
CAPITAL AND RESERVES			
Called up share capital	11	500	500
Revaluation reserve	12	740,560	740,560
Profit and loss account	12	42,114	33,423
SHAREHOLDERS' FUNDS	17	<u>£783,174</u>	<u>£774,483</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


M Johnson - DIRECTOR


V H Johnson - DIRECTOR

Approved by the Board on 24/2/03

The notes form part of these financial statements

JOHNSON BROS COAL FACTORS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of land and buildings.

They are also prepared on the basis that the company will continue as a going concern which assumes the continued support of the company's bankers, loan creditors and directors. The financial statements do not include any adjustments which would result from a withdrawal of such support.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, together with rental income from investment properties.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Plant and machinery	- 20% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on cost

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP19, Accounting for Investment Properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

JOHNSON BROS COAL FACTORS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2002 £	2001 £
Depreciation - owned assets	4,842	7,261
Profit on disposal of fixed assets	-	(26,644)
Auditors remuneration	2,700	2,700
	<u>89,715</u>	<u>92,969</u>
Directors' emoluments and other benefits etc	89,715	92,969

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2001 :- 4).

3. TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows:

	2002 £	2001 £
Current tax:		
UK corporation tax	-	-
Prior year adjustment	-	(113)
Tax on profit/(loss) on ordinary activities	-	(113)

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST:			
At 1 May 2001 and 30 April 2002	121,806	1,046,944	1,168,750
DEPRECIATION:			
At 1 May 2001	121,796	1,034,685	1,156,481
Charge for year	-	4,842	4,842
At 30 April 2002	121,796	1,039,527	1,161,323
NET BOOK VALUE:			
At 30 April 2002	10	7,417	7,427
At 30 April 2001	10	12,259	12,269

JOHNSON BROS COAL FACTORS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

5. FIXED ASSET INVESTMENTS

	2002 £	2001 £
Shares in group undertakings	2,001	2,001
Other investments not loans	3,179,724	3,159,430
	<u>3,181,725</u>	<u>3,161,431</u>

Additional information is as follows:

	Shares in group undertakings £	Investment properties £	Totals £
COST:			
At 1 May 2001	87,000	3,152,530	3,239,530
Addition	-	20,294	20,294
At 30 April 2002	<u>87,000</u>	<u>3,172,824</u>	<u>3,259,824</u>
PROVISIONS:			
At 1 May 2001 and 30 April 2002	<u>84,999</u>	<u>-</u>	<u>84,999</u>
NET BOOK VALUE:			
At 30 April 2002	<u>2,001</u>	<u>3,172,824</u>	<u>3,174,825</u>
At 30 April 2001	<u>2,001</u>	<u>3,152,530</u>	<u>3,154,531</u>

The valuation of investment properties were made as at 1 June 2000 by Messrs Peter Morgan Professional Services, Chartered Surveyors, on an open market basis for existing use. No depreciation is provided in respect of these properties.

On a historical cost basis these would have been included at an original cost of £2,411,970 (2001 :- £2,411,970), and aggregate depreciation of £ Nil (2001 :- £ Nil).

Investments (neither listed nor unlisted) were as follows:

	2002 £	2001 £
Other investments	<u>6,900</u>	<u>6,900</u>

JOHNSON BROS COAL FACTORS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

5. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following:

Johnson Bros Coal Traders Limited

Country of incorporation: England and Wales

Nature of business: Coal Trader

Class of shares:	% holding
Ordinary	100.00

	2002 £	2001 £
Aggregate capital and reserves	974	165,589
Loss for the year	(164,615)	(15)

Quotecast Limited

Country of incorporation: England and Wales

Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

	2002 £	2001 £
Aggregate capital and reserves	(477,882)	(479,457)
Profit/(Loss) for the year	1,575	(28)

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade debtors	111,838	99,592
Amounts owed by participating interests	134,294	107,633
Other debtors	126,846	187,873
	<u>372,978</u>	<u>395,098</u>

Other debtors include £70,845 (2001 :- £ 112,451) due from its directors.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans and overdrafts (see note 9)	1,195,220	981,387
Trade creditors	110,920	96,530
Amounts owed to group undertakings	2,114	165,939
Amounts owed to participating interests	115,156	58,691
Taxation and social security	15,337	56,030
Other creditors	105,547	83,525
	<u>1,544,294</u>	<u>1,442,102</u>

JOHNSON BROS COAL FACTORS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Bank loans (see note 9)	<u>1,357,872</u>	<u>1,467,363</u>

9. LOANS

An analysis of the maturity of loans is given below:

	2002 £	2001 £
Amounts falling due within one year or on demand:		
Bank overdrafts	1,096,756	893,896
Bank loans - less than 1 yr	<u>98,464</u>	<u>87,491</u>
	<u>1,195,220</u>	<u>981,387</u>

Amounts falling due between one and two years:

Bank loans - 1-2 years	<u>92,000</u>	<u>81,400</u>
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Amounts falling due between two and five years:

Bank loans - 2-5 years	<u>276,000</u>	<u>244,200</u>
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Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	<u>989,872</u>	<u>1,141,763</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	2002 £	2001 £
Bank overdraft	1,096,756	893,896
Bank loans	<u>1,456,336</u>	<u>1,554,854</u>
	<u>2,553,092</u>	<u>2,448,750</u>

The company's bank borrowings are secured by a debenture on bank's standard form. The debenture loans are secured by a first legal charge over the land owned by the group at Heol Las, Llansamlet, Ynysallen Road, Swansea and Compton Road, Neath. The bank borrowings are also secured by an unlimited cross guarantee and debenture between the company, Johnson Brothers Coal Traders Limited, a subsidiary company, and Abertawe Transport Limited, a connected company, also a legal charge over the units at Dafen Industrial Estate, Llanelli and Milland Road, Neath.

JOHNSON BROS COAL FACTORS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2002	2001
		£1	£	£
5,000	Ordinary		5,000	5,000

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2002	2001
		£1	£	£
500	Ordinary		500	500

12. RESERVES

	Profit and loss account	Revaluation reserve	Totals
	£	£	£
At 1 May 2001	33,423	740,560	773,983
Retained profit for the year	8,691	-	8,691
At 30 April 2002	42,114	740,560	782,674

13. PENSION COMMITMENTS

The company operates a defined contribution pension scheme in respect of certain directors and employees. No payments have been made to the pension scheme in the current year or the preceding year. There were no outstanding or prepaid contributions at the balance sheet date.

14. CONTINGENT LIABILITIES

As disclosed in note 9 the company, together with a subsidiary and a connected company have given an unlimited cross guarantee and debenture to the bank. At the balance sheet date the amounts advanced under this facility not otherwise dealt with in these accounts totalled £ 14,798 (2001 :- £ 7,362).

15. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the year ended 30 April 2002:

	£
R A Johnson	
Balance outstanding at start of year	31,642
Balance outstanding at end of year	13,626
Maximum balance outstanding during year	31,642
K Johnson	
Balance outstanding at start of year	17,769
Balance outstanding at end of year	8,699
Maximum balance outstanding during year	17,769

JOHNSON BROS COAL FACTORS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

15. TRANSACTIONS WITH DIRECTORS - continued

M Johnson

Balance outstanding at start of year	25,661
Balance outstanding at end of year	27,305
Maximum balance outstanding during year	<u>27,305</u>

V H Johnson

Balance outstanding at start of year	37,380
Balance outstanding at end of year	21,215
Maximum balance outstanding during year	<u>37,380</u>

The directors have given personal guarantees of £30,000 each to the company's lenders in respect of the loan to finance the acquisition of investment properties.

16. RELATED PARTY DISCLOSURES

During the year the company incurred expenditure on behalf of its subsidiaries of £ 40,015 (2001 :- £ 55,221), was charged a management fee of £ 40,000 (2001 :- £ 54,000) and received a dividend of £ 164,000 (2001 :- £ Nil).

The company also made sales to and purchases from connected companies of £ 25,301 (2001 :- £34,448) and £ 143,174 (2001 :- £ 67,948) respectively , recharged expenses of £ 31,400 (2001 :- £ 74,355), charged management fees of £ 66,000 (2001 :- £ 95,000) and repaid £ 23,000 (2001 :- £53,505) due on its loan and trading accounts. The names of the connected companies concerned are Abertawe Transport Limited, D F & A M Bevan Limited and Ageglory Limited. The amounts due to and from these companies are as disclosed at notes 7 and 8 to the financial statements.

The company has further recharged expenditure of £ 23,055 to Kingsway Properties , a company owned personally by the directors. Transactions with the directors are as disclosed at note 15.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit/(Loss) for the financial year	8,691	(47,906)
Net addition/(reduction) to shareholders' funds	<u>8,691</u>	<u>(47,906)</u>
Opening shareholders' funds	774,483	822,389
Closing shareholders' funds	<u>783,174</u>	<u>774,483</u>
Equity interests	<u>783,174</u>	<u>774,483</u>

18. CONTROL

The company is controlled by its directors.