ROXSPUR PLC

Annual Report & Accounts
June 2002

Registered in England No. 1665606

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 June 2002.

Activities

The Group's principal activities during the year were in measurement and control, manufacturing, supplying and servicing control systems and measurement products until the sale of the business, trade and assets of Serck Controls Limited in January 2002 at which point the Group's trading activities ceased.

Review of Business

A review of the business during the year together with comments on developments is contained in the Chairman's Statement and the Operating and Finance Review on pages 2 to 5.

Group Results and Dividends

The consolidated profit and loss account for the year is set out on page 18. The loss for the year after tax, minority interests and goodwill write-off amounted to £5,232,000 (2001:loss £41,829,000).

The company is unable to pay a dividend in respect of the financial year to 30 June 2002 (2001:£nil).

Disposals

Details of disposals of businesses are given on the first page of the Chairman's Statement and in note 8 to the financial statements.

Other changes in tangible fixed assets during the year are summarised in note 14.

Share Capital

The issued share capital of the Company at the date of this report is 51,065,454 ordinary shares of 10p each.

Directors and their Interests

The Directors of the Company at the date of this report are shown on page 6.

Colin Whitehead served as Group Managing Director until 29 November 2001.

Tony Statham served as Executive Director until 29 November 2001.

In accordance with the Company's Articles of Association, Peter Ryan retires by rotation and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting. He does not have a service agreement with the Company of more than one year's duration.

Save as described in the Report of the Remuneration Committee on pages 12 to14, no contract existed during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

The Directors, including their families were beneficially interested in the ordinary shares of the Company as shown in the Report of the Remuneration Committee on pages 12 to 14. There were no changes in the Directors' interests between 1 July 2002 and the date of this report.

The Company maintains liability insurance for its Directors and Executives in respect of their duties to the Company.

Registered in England No. 1665606

Directors' Report (continued)

Statement of Directors' Responsibilities

The Directors are required by United Kingdom Company Law 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 Group as at the end of the financial year and the profit or loss of the Company and of the Group for that year.

The Directors confirm that suitable accounting policies have been used and applied consistently, except for the change in accounting policy for deferred taxation as set out on page 24. They also confirm that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 2002, that applicable Accounting Standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Substantial Shareholdings

The Directors are aware of the following interests amounting to 3% or more of the issued ordinary share capital of the Company as at 30 August 2002. The holdings stated below include both beneficial and non-beneficial interests. As far as is known, no other shareholder had any disclosable interest.

	Ordinary Shares	*% Holding*
Schroder Investment Management Limited	7,444,234	14.57%
Edinburgh Fund Managers	5,605,442	10.98%
Ollingham Limited	2,775,000	5.43%
Dresdner RCM Global Investors	2,252,270	4.41%
UBS Global Asset Management	1,689,072	3.02%

Donations

No charitable donations were paid during the year and the Company did not make any donations or subscriptions for political purposes.

Research and Development

The Group's trading activities ceased following the disposal of the business, trade and assets of Serck Controls Limited and accordingly the Group no longer undertakes research and development activities.

Employment Policies

It has been the Company's policy that there should be no unfair discrimination in considering applications for employment including those from disabled persons. All employees, whether or not disabled, are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. The Company values highly the commitment of its employees and regularly communicates business developments to them wherever practicable. Staff appraisals and consultations take place between individuals and local management to allow a free exchange of information and ideas. Local management is charged with ensuring the proper management, training and development of all staff.

Registered in England No. 1665606

Directors' Report (continued)

Annual General Meeting

The Notice of Meeting for the 2002 Annual General Meeting is set out on page 45 of this report.

Suppliers' Payment Policy

It is the Group's policy to pay suppliers in accordance with the terms of business agreed with them. The parent company is purely a holding company and does not trade, therefore, there are no creditor days to disclose under Statutory Instrument 1997 No. 571.

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

M EBERHARDT
Secretary

Date: 9 September 2002

Registered in England No. 1665606

Report of the Auditors

Independent auditors' report to the members of Roxspur PLC

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds and the related notes. We have also examined the amounts disclosed on pages 13 and 14 relating to the Directors' emoluments and the Directors' interests in share options which form part of the Report of the Remuneration Committee.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual 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, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

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 or the Listing Rules 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. The other information comprises only the Directors' report, the Chairman's statement, the Operating and Finance Review, the Report of the Remuneration Committee and the Statement of Corporate Governance.

We review whether the Statement of Corporate Governance reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's Corporate Governance procedures or its risk and control procedures.

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.

Report of the Auditors (continued)

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of disclosures made in the financial statements concerning the provision for pensions liabilities of the Group and concerning the basis of preparation of the financial statements. The Group and Company balance sheets include a provision amounting to £1.4 million in respect of pensions liabilities, being the Directors' best estimate of the liabilities arising from the winding up of the Group's pension schemes. As explained in note 32, some pensions issues have been referred to the Pensions Ombudsman by the trustees and some others may be referred. If these referrals result in rulings against the Group, further liabilities currently estimated to be up to £4.5 million could arise. In that situation, the provision for pensions liabilities would be materially understated. Dependent upon the size of any under-provision, the Group may be rendered insolvent and the going concern basis of preparation may not be appropriate. Details of this fundamental uncertainty are set out in note 32 to the financial statements. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 June 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Sheffield
9 September 2002

Registered in England No. 1665606

Report of the Remuneration Committee

Committee Members

Membership of the Committee is shown under Corporate Governance on page 15.

Policy

In framing its remuneration policy, the Committee has given full consideration to Schedule A of the Combined Code. The policy seeks to enhance the Company's performance and to ensure that Executive Directors are fairly and responsibly rewarded for their individual contributions. It considers a number of factors including:

- the basic salaries and benefits available to Executive Directors of comparable companies;
- the need to attract and retain Directors of an appropriate calibre; and
- the need to ensure Executive Directors' commitment to the continued success of the Company by means of appropriate incentive schemes.

The main components of a Director's remuneration are:

1. Basic Salary

Basic salary for Executive Directors is determined by taking into account the performance of the individual and information from independent sources on the salary rates for similar jobs.

2. Performance Related Bonus

The targets for performance related bonus have historically been set to balance the short and the long-term objectives of the Group. In respect of the year ended June 2002, the targets were based upon the successful conclusion of the disposal programme. On the successful completion of a merger, bonuses are expected to become payable to the Directors based upon a percentage of the gross capitalisation of the company following the merger.

3. Share Options

The Company believes that it is in the interest of shareholders that Executive Directors and other senior managers should hold shares in the Company and should be granted options at the discretion of the Remuneration Committee.

Remuneration of the Non-Executive Directors is determined by the Executive Directors, having taken the appropriate external advice. Non-Executive Directors do not receive any pension or other benefits from the Company, nor do they participate in any of the bonus or share option schemes. Non-Executive Directors are appointed on renewable agreements that expire at staggered intervals. There are currently no Non-Executive Directors.

Service Agreements

The Executive Directors have service contracts which can be terminated by the Company with a notice period not exceeding one year and by the Director with a notice period of twelve months.

J E A Statham and Colin B Whitehead ceased to be Directors on 29 November 2001.

The Committee reviews any case of early termination individually to ensure that any compensation settlements are appropriate to the circumstances, taking care to ensure that poor performance is not rewarded.

The Committee has not met since 30 November 2000 and no changes have been made to the Directors' emoluments or their service agreements since that date.

Report of the Remuneration Committee (continued)

Pension Arrangements

The Executive Directors have the right to forego a percentage of their basic salary and for the Company to pay that percentage into a personal pension plan. Colin Whitehead had £4,721 paid into the Company Money Purchase Scheme. No Directors are members of defined benefit schemes funded by the Company and no other pensions contributions were made by the Group to Directors in the year to 30 June 2002.

	Salary £	*Bonus* £	*Benefits* £	*Pension Contributions* £	*Loss of Office* £	*Year Ended 30 June 2002* £	*Year Ended 30 June 2001* £
Peter H Ryan (Chairman)	60,000	25,000	408	—	—	85,408	78,567
Martin Eberhardt	125,790	25,000	4,389	—	—	155,179	150,905
Colin Whitehead	57,208	—	3,180	4,721	144,630	209,739	159,907
Tony Statham	20,833	—	980	—	70,000	91,813	68,635
Ian J Orrock	—	—	120	—	—	120	315,778
Robert Williams	—	—	—	—	—	—	33,379
	263,831	50,000	9,077	4,721	214,630	542,259	807,171

The loss of office payments to Colin Whitehead and Tony Statham were made in accordance with their contractual entitlements.

Benefits relate in the main to the provision of a company car, permanent health, medical and life insurance and are stated at their monetary value.

Until 29 November 2001 the Company reimbursed the costs of private office accommodation provided to Colin Whitehead which amounted to £1,500 (2001:£3,000).

No Directors were granted or exercised options in the year. Further details of Directors' share options are outlined below.

A bonus of £25,000 each was paid to Peter Ryan and Martin Eberhardt following the conclusion of the disposal process.

Directors' Shareholdings

The Directors, including their families, were beneficially interested in the ordinary shares of the Company as follows:

	30 June 2002 Ordinary Shares of 10p each	*30 June 2001 Ordinary Shares of 10p each*
Peter H Ryan	101,304	101,304
Martin Eberhardt	49,088	49,088
Colin Whitehead	—	63,000
Tony Statham	—	85,622

Directors' Interests in Share Options

Details of options held by Directors are set out below:

Ordinary Shares of 10p each	*30 June 2002*	*Granted in the Year*	*Exercised in the year*	*Lapsed in the year*	*30 June 2001*	*Exercise Price*	*Period in which may be exercised*
Executives:							
Performance Related							
Martin Eberhardt	50,000	—	—	—	50,000	35.5p	Mar 2002 to Mar 2009
Colin Whitehead	—	—	—	150,000	150,000	35.5p	—

Report of the Remuneration Committee (continued)

No Directors have been granted share options in the shares of the Company during the year or in other Group companies.

In accordance with the Scheme rules, Colin Whitehead's options lapsed following his departure from the Company on 29 November 2001.

Since 30 June 2002, there have been no changes in Directors' interests in shares or share options of the company.

Further details of options over the ordinary share capital of the Company are provided on page 43 of the accounts.

The mid-market price of the Company's share on 28 June 2002 was 5.25p and the range of market prices during the year was between 20.5p and 5p.

The Company's register of Directors' interests, which is open for inspection at the registered office, contains full details of Directors' shareholdings and share options.

Peter H Ryan

PETER H RYAN
Chairman of the Remuneration Committee

Date: 9 September 2002

Registered in England No. 1665606

Statement of Corporate Governance

Statement of Compliance

The Company has complied throughout the year with the provisions of the Code of Best Practice set out in the Combined Code of the Committee on Corporate Governance (the "Code") except that:

- There has been no Group Chief Executive since the resignation of Ian J Orrock on 31 October 2000. In view of the size of the Group and the regular board meetings at which key issues are fully debated the Board did not consider it appropriate to appoint a Group Chief Executive.

- During the year there were no Non-Executive Directors, accordingly the Company's Audit and Remuneration Committees do not include an appropriate proportion of Non-Executive Directors.

- The Directors have not carried out a review of the effectiveness of the Company's non-financial internal control system. Following the disposal of all the Group's businesses, such a review is not considered relevant. The Group's system of financial controls continues to be reviewed in accordance with the Combined Code. Further details on this matter are included under the heading "Internal Controls" below.

The Board

At 1 July 2001 the Board comprised four Executive Directors, including the Chairman. All Directors are required to submit themselves for re-election every three years. Following the sale of Roxspur Measurement & Control Limited and Horstmann Group Limited in July 2001, Colin Whitehead and Tony Statham left the Board following the Annual General Meeting on 29 November 2001. The Company had no Non-Executive Directors during the year.

The Board meets at least twelve times a year. Board papers, including a report by the Finance Director, are circulated to all Board members in advance of these meetings, which consider matters specifically reserved for its review and approval. These include setting and monitoring the Group's strategic direction and reviewing operational issues, compliance with covenants and internal control procedures. Professional advice is sought when necessary, and procedures are in place for Directors to take independent professional advice if necessary, at the company's expense.

The following committees have been appointed by the Board to deal with the appropriate aspects of the Company's affairs.

Audit Committee

The Audit Committee of the Board was chaired by Tony Statham and following his departure Peter H Ryan became Chairman of the Committee. Martin Eberhardt, as Finance Director, is required to attend meetings of the Committee. The Committee reviews the interim and preliminary announcement of final results prior to their publication and receives reports from the Group's external auditors on matters arising from their audit of the financial statements.

Remuneration Committee

The Remuneration Committee of the Board was chaired by Peter H Ryan, Tony Statham having ceased to be a Director at 29 November 2001. The Committee did not meet during the year but consultations have taken place with the Company's advisers. No changes have been made to Directors' emoluments since 30 November 2000.

In the absence of an Independent Director, professional advice is followed at all times.

Registered in England No. 1665606

Statement of Corporate Governance (continued)

Nomination Committee

As there have been no recent new Board appointments, the Committee has been dissolved.

Relations with Shareholders

The Board is responsible to shareholders for the proper management and control of the Group. The Directors seek to build on a mutual understanding of objectives between the Company and its institutional shareholders. Following publication of the interim and preliminary results, the Company meets with institutional shareholders. Private investors are given notice of the Annual General Meeting where they can put their questions to the Board.

Going Concern

Having reviewed the Company's plans and financial facilities available, the Board has a reasonable expectation that it has adequate resources to continue in existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the Company's accounts. However, as explained at note 32, there are fundamental uncertainties regarding the provision for liabilities that may crystallise in connection with winding up of the Group's pension schemes, in particular in respect of certain issues, some of which have been and some of which may be, referred to the Pensions Ombudsman. If these rulings go against the Group, then additional liabilities may crystallise which could render the Group insolvent, in which case the going concern basis of preparation would not be appropriate. The independent auditors' report refers to this fundamental uncertainty.

Internal Controls

The Directors are responsible for ensuring that the Group maintains a sound system of internal control, including suitable monitoring procedures. Any such system can only provide reasonable and not absolute assurance against material misstatement or loss, and the system is designed to manage and not eliminate risk.

As noted above, the Internal Controls of the Company have been focused on financial controls. Therefore the Directors are unable to state that there was an ongoing process for risk management covering all areas of risk for the period under review. However, there was an ongoing process to identify, evaluate and control the significant financial risks faced by the Company, which was regularly reviewed by the Board and was in accordance with the Guidance for Directors on the Combined Code issued by the Institute ("ICAEW").

In view of the disposal process and the resultant reduction in risks facing the Group, the Directors have not formally reviewed the effectiveness of the operational and risk management systems of internal control during the year as required by the Combined Code. However, the Directors have conducted a review of the effectiveness of the Company's systems of internal financial control.

The Company's internal financial control and monitoring procedures include:

- In addition to the regular Board meetings, the Executive Directors meet as the Executive Committee to allow prompt decision making and communication of business issues.
- Prior to their sale, the Board had responsibility for setting the overall financial control environment, reviewing risk management issues and monitoring the conduct and operations of the individual businesses within the Group. This included the review and approval of business strategies and plans and the setting of key performance targets. The executive manager responsible for each business was accountable for the conduct and performance of their business within the agreed strategies. Treasury and financial policies are monitored by the Board.

Statement of Corporate Governance (continued)

- Regular reporting of legal, insurance and accounting developments are made to the Board by the Group Company Secretary and appropriate officers.
- Businesses and central cost centres were subject to an annual budgeting process requiring forecasts which were consolidated and circulated to the Board for review and approval.
- The Company maintains strict cash management procedures to optimise funds retained within the Group.
- The business/operating subsidiaries and central costs are reviewed monthly by members of the Board.
- Major investment decisions are subject to approval by the Board. Independent professional advice is always sought before taking such a decision.

Peter H Ryan

PETER H RYAN
Chairman

Date: 9 September 2002

Consolidated Profit and Loss Account

for the year ended 30 June 2002

	Notes	2002 Continuing Operations £'000	2002 Discontinued Operations £'000	2002 Total £'000	2001 Continuing Operations £'000	2001 Discontinued Operations £'000	2001 Total £'000
Turnover	2	—	5,675	5,675	—	37,999	37,999
Operating (loss)/profit before exceptional costs		(911)	(1,368)	(2,279)	(1,769)	663	(1,106)
Write off of amounts due from contractor in liquidation		—	—	—	—	(150)	(150)
Pension costs	4	(675)	—	(675)	—	—	—
Closure costs	4	(442)	110	(332)	—	(429)	(429)
Costs in connection with possible management buyout		—	—	—	(535)	—	(535)
Write off of amounts recoverable on contracts		—	—	—	—	(1,302)	(1,302)
Operating (loss)	3,10	(2,028)	(1,258)	(3,286)	(2,304)	(1,218)	(3,522)
(Loss) on disposal of discontinued operations	8(a)			(1,856)			(4,957)
Provision for loss on disposal of discontinued operations	8(b)			—			(30,044)
Provision for loss on operations to be disposed of	8(c)			—			(3,348)
Profit on sale of fixed assets – Continuing operations	7			—			1,171
(Loss) on ordinary activities before interest				(5,142)			(40,700)
Interest receivable/(payable) and similar charges (net)	9			148			(1,186)
(Loss) on ordinary activities before taxation	10			(4,994)			(41,886)
Taxation	11			(250)			—
(Loss) on ordinary activities after taxation				(5,244)			(41,886)
Minority interest				12			57
(Loss) for the financial year				(5,232)			(41,829)
Dividends	12			—			—
Retained (loss) for the year				(5,232)			(41,829)
(Loss) per share	13			(10.2p)			(81.9p)
Diluted (loss) per share	13			(10.2p)			(81.9p)
Adjusted (loss) per share	13			(4.6p)			(4.4p)

There is no difference between the (loss) on ordinary activities before taxation and the retained (loss) for the year stated above and their historical cost equivalents.

The attached notes on pages 23 to 43 form part of these financial statements.

Registered in England No. 1665606

Consolidated Balance Sheet

at 30 June 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Intangible assets	15	—	903
Tangible assets	14	202	4,885
		202	5,788
Current assets			
Stocks	17	—	4,059
Debtors	18	194	8,984
Cash		5,762	438
		5,956	13,481
Creditors: due within one year	19	(693)	(17,121)
Net current assets/(liabilities)		5,263	(3,640)
Total assets less current liabilities		5,465	2,148
Creditors: due after more than one year	20	—	(281)
Provisions for liabilities and charges	22	(1,939)	(3,153)
Net assets/(liabilities)		3,526	(1,286)
Capital and reserves			
Called up share capital	25	5,106	5,106
Profit and loss account	26	(24,288)	(43,879)
Other reserves	26	22,708	37,520
Equity shareholders' funds		3,526	(1,253)
Minority interest		—	(33)
Total shareholders' funds		3,526	(1,286)

The financial statements on pages 18 to 43 were approved by the Board of Directors on 9 September 2002 and were signed on its behalf by:

Peter H Ryan

PETER H RYAN
Director

M EBERHARDT
Director

The attached notes on pages 23 to 43 form part of these financial statements.

Registered in England No. 1665606

Company Balance Sheet

at 30 June 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Investments	16	—	21,700
Current assets			
Debtors	18	11,454	5,290
Cash		3,366	—
		14,820	5,290
Creditors: due within one year	19	(42,108)	(40,686)
Net current liabilities		(27,288)	(35,396)
Total assets less current liabilities		(27,288)	(13,696)
Creditors: due after more than one year	20	—	—
Provisions for liabilities and charges	22	(1,939)	(379)
Net (liabilities)		(29,227)	(14,075)
Capital and reserves			
Called up share capital	25	5,106	5,106
Other reserves	26	22,708	22,708
Profit and loss account	26	(57,041)	(41,889)
(Deficit) on equity shareholders' funds		(29,227)	(14,075)

The financial statements on pages 18 to 43 were approved by the Board of Directors on 9 September 2002 and were signed on its behalf by:

Peter H Ryan

PETER H RYAN
Director

M EBERHARDT
Director

The attached notes on pages 23 to 43 form part of these financial statements.

Registered in England No. 1665606

Consolidated Cash Flow Statement

for the year ended 30 June 2002

	Notes	2002 £'000	2001 £'000
Cash (outflow) from operating activities	27	(3,032)	(353)
Returns on investment and servicing of finance			
Interest received		223	122
Interest paid		(75)	(1,348)
Net returns on investment and servicing of finance		148	(1,226)
Taxation			
United Kingdom corporation tax		(275)	—
Overseas tax paid		—	—
		(275)	—
Capital expenditure			
Purchase of tangible fixed assets		(75)	(1,572)
Sale of tangible fixed assets		22	2,874
		(53)	1,302
Acquisitions and disposals			
Purchase of minority interests		—	(104)
Purchase of subsidiary undertakings		—	(251)
Disposal of subsidiary undertakings		15,137	95
Disposal of trade and assets		(173)	—
	8(a)	14,964	(260)
Equity dividends paid		—	—
Management of liquid resources			
Decrease in deposits		—	1,625
		—	1,625
Net cash flow before financing		11,752	1,088
Financing			
Loans repaid		(6,000)	(1,644)
Capital element of hire purchase and finance leases	28,29	(428)	(45)
Net cash flow from financing	28,29	(6,428)	(1,689)
Increase/(decrease) in cash in the period	28,29	5,324	(601)

The attached notes on pages 23 to 43 form part of these financial statements.

Registered in England No. 1665606

Statement of Total Recognised Gains and Losses

for the year ended 30 June 2002

	2002 *£'000*	*2001* *£'000*
(Loss) for the financial year	(5,232)	(41,829)
Exchange adjustments on foreign currency net investments	(25)	72
Total gains and losses relating to the year	(5,257)	(41,757)

Reconciliation of the Movement in Shareholders' Funds

for the year ended 30 June 2002

	2002 *£'000*	*2001* *£'000*
(Loss) for the financial year	(5,232)	(41,829)
Dividends	—	—
	(5,232)	(41,829)
Goodwill written back	10,036	37,520
Exchange adjustments on foreign currency net investments	(25)	72
Net addition to/(reduction in) shareholders' funds	4,779	(4,237)
Equity shareholders' funds at 1 July	(1,253)	2,984
Equity shareholders' funds at 30 June	3,526	(1,253)

Registered in England No. 1665606

Notes to the financial statements

1. Principal accounting policies

The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important Group accounting policies, which have been consistently applied, except in respect of accounting for deferred taxation explained below, is as follows:

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of Roxspur PLC and all its subsidiary undertakings made up to 30 June 2002. The results of all subsidiary undertakings acquired or disposed of are included from or to the date control passes. Intra-Group transactions are fully eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on acquisitions prior to 30 June 1998 was immediately written off to reserves and is charged in the profit and loss account if there is an impairment of that goodwill, or on subsequent disposal of the business to which it relates. Goodwill arising on acquisitions after 30 June 1998 is capitalised, classified as an asset on the balance sheet, and amortised on a straight line basis over its useful life up to a presumed maximum of 20 years or is eliminated upon disposal. Goodwill previously eliminated against reserves has not been reinstated on the implementation of FRS 10.

Turnover

Turnover, which excludes Value Added Tax, represents amounts derived from the provision of goods and services to customers during the year and the value of long term contract work done.

Investments in subsidiary undertakings

The cost of investment in subsidiary undertakings is recorded at the aggregate of the nominal value of shares issued in connection with the acquisition, cash paid and any further costs incidental to its acquisition, less provision for diminution in value of that investment.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation

Depreciation is provided on all tangible fixed assets, except for freehold land, to write off the cost of each asset over its expected useful life on a straight line basis. The principal annual rates used for this purpose are:

Freehold buildings	4%
Leasehold land and buildings	Over the term of the lease
Plant, machinery, fixtures, fittings and equipment	10% to 25%
Motor vehicles	25%

Stocks

Stocks and work in progress other than long term contracts are stated at the lower of cost and net realisable value. Costs include all appropriate overheads. Where necessary, provision is made for obsolete or slow moving stock.

Notes to the financial statements (continued)

Long term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. Long term contracts are valued at cost, including production overheads, plus attributable profit less all foreseeable losses. Attributable profit is included when the outcome of a contract can be assessed with reasonable certainty. The value of long term contracts is accounted for within turnover and the excess of this value over payments received on account is included in debtors as "Amounts recoverable on contracts".

Payments received on account in excess of this value are included in creditors. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long term contract balances. In establishing turnover and profit in respect of contract claims, credit is not taken for claims arising on completed contracts until entitlement to the claim has been established.

Deferred taxation

The company has adopted Financial Reporting Standard 19 'Deferred Tax' (FRS 19) from 1 July 2001 and this is reflected in these financial statements. Deferred tax is now provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax is not provided on timing differences arising from revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Previously, provision was made for deferred taxation using the liability method on all material timing differences, to the extent that it was probable that a liability or asset would crystallise. The adoption of FRS 19 reflects a change in accounting policy. This change in accounting policy has no material effect on the results of the prior year and consequently the prior year figures have not been restated. There is also no material effect on the current year (see note 22).

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the term of the lease. Leasing arrangements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation and the interest element is charged against the profit and loss account so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful economic lives of equivalent owned assets.

Foreign currencies

Assets and liabilities of subsidiaries in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial period and the results of foreign subsidiaries are translated at the average rate of exchange for the period. Differences on exchange arising from the retranslating of opening net investments in subsidiary companies, and from the translation of the results of those companies at average rate, are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Notes to the financial statements (continued)

Pension costs

FRS 17 'Retirement benefits' was issued in 2001 and is effective for accounting periods ending on or after 22 June 2001. As permitted by the transitional arrangements of FRS 17 the Group has opted to defer implementation of this standard and the disclosures required under those transitional arrangements are set out in note 24.

The Group operates both defined contribution and defined benefit schemes.

Contributions to money purchase schemes are charged to the profit and loss account in the year in which they are incurred.

The costs of defined benefit schemes are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Group benefits from the services of members of the scheme. The pension schemes are valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary. The effects of variations from regular cost arising from such valuations are spread over the expected average remaining service lives of members of the scheme.

Property provisions

Provision is made for the future rental and related costs of leasehold property where it is vacant or surplus to the Group's requirements, the sublease is not coterminous with the Group's lease commitment or the leasehold property has been sublet at a loss to the extent that a net cost to the Group is anticipated.

2. Segmental analysis

The Directors consider that during the year the Group operated in one class of business only. Whilst in previous periods the Group has operated within two classes, being Measurement and Control, and Distribution, following the sale of certain businesses in the early part of the year there was negligible activity in the Distribution area during the year. Thus in the context of materiality, the Group operated in Measurement and Control activity only.

The analysis by geographical area of the Group's turnover, loss before tax and net assets is set out below:

	2002		*2001*	
Turnover	*By destination* £'000	*By origin* £'000	*By destination* £'000	*By origin* £'000
UK	3,564	5,353	27,899	32,268
Western Europe	252	101	6,706	5,398
Eastern Europe	186	—	1,037	—
Asia	1,090	221	1,193	333
Pacific Basin	2	—	49	—
Middle East	559	—	786	—
Americas	22	—	548	—
Other	—	—	(219)	—
	5,675	5,675	37,999	37,999

	Loss before tax £'000	*Net assets* £'000	*Loss before tax* £'000	*Net assets* £'000
UK	(4,543)	3,294	(41,435)	4,252
Europe	(267)	232	(267)	226
Asia	(184)	—	(184)	226
Financing	—	—	—	(5,990)
	(4,994)	3,526	(41,886)	(1,286)

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Notes to the financial statements (continued)

Horstmann Group Limited and Roxspur Measurement & Control Limited (including the business and assets of CT Platon SA) were sold on 30 July 2001 and contributed losses before tax of £198,989 and £845,917, respectively, in the period to date of sale.

Comint SA was sold on 31 July 2001 and CT Platon BV and CT Platon GmbH were sold on 1 August 2001 and in aggregate made a loss before tax of £189,942 in the period to the date of their disposal.

Serck Wogen Limited and the trade and assets of Serck Controls were sold on 18 January 2002 and made losses before tax of £112,438 and £446,300 respectively in the period to the date of their disposal.

The results of these entities are disclosed as discontinued and the comparatives have been restated accordingly.

3. Cost of sales and operating costs

2002

	Continuing pre-exceptional costs £'000	*Exceptional items (note 4) £'000*	*Total Continuing operations £'000*	*Discontinued pre-exceptional costs £'000*	*Exceptional items (note 4) £'000*	*Total Discontinued operations £'000*	*Total £'000*
Turnover	—	—	—	5,675	—	5,675	5,675
Cost of sales	—	—	—	(4,768)	—	(4,768)	(4,768)
Gross profit	—	—	—	907	—	907	907
Selling and distribution costs	—	—	—	(605)	—	(605)	(605)
Administration expenses	(911)	(1,117)	(2,028)	(1,670)	110	(1,560)	(3,588)
Operating (loss)	(911)	(1,117)	(2,028)	(1,368)	110	(1,258)	(3,286)

2001

	Continuing pre-exceptional costs £'000	*Exceptional items (note 4) £'000*	*Total Continuing operations £'000*	*Discontinued pre-exceptional costs £'000*	*Exceptional items (note 4) £'000*	*Total Discontinued operations £'000*	*Total £'000*
Turnover	—	—	—	37,999	—	37,999	37,999
Cost of sales	—	—	—	(27,718)	(1,452)	(29,170)	(29,170)
Gross profit	—	—	—	10,281	(1,452)	8,829	8,829
Selling and distribution costs	—	—	—	(2,561)	—	(2,561)	(2,561)
Administration expenses	(1,769)	(535)	(2,304)	(7,057)	(429)	(7,486)	(9,790)
Operating (loss)/profit	(1,769)	(535)	(2,304)	663	(1,881)	(1,218)	(3,522)

4. Exceptional costs

Pensions

As referred to in note 22, provision has been made for the estimated liabilities arising on the winding up of the Group pension schemes.

Closure costs

Closure costs relate principally to the costs incurred in terminating the contracts of Group Directors and head office staff.

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Notes to the financial statements (continued)

5. Staff costs and employee numbers

	2002 £'000	2001 £'000
Wages and salaries	2,941	11,590
Social security costs	305	1,283
Other pension costs	115	565
	3,361	13,438

The average number of employees, including Executive Directors, during the year was made up as follows:

	2002 Number	2001 Number
Production/Engineering	83	379
Selling and distribution	20	83
Administration	23	99
	126	561

6. Directors' emoluments

Detailed disclosures of Directors' remuneration and share options are given in the Report of the Remuneration Committee on pages 12 to 14.

7. Profit on sale of fixed assets

	2002 £'000	2001 £'000
Profit on disposal	—	1,171
Taxation	—	—
	—	1,171

The profit on sale of fixed assets in 2001 related to the additional consideration of £1,461,000 net of costs in respect of a property in Bath originally sold in 1999 following the granting of planning permission. This profit was taxed in a prior period. The 2001 profit was offset by a loss of £290,000 arising on the sale of a property previously occupied by Aylesbury Automation Limited.

Notes to the financial statements (continued)

8. (a) (Loss) on disposal of discontinued operations

	CT Group 2002 £'000	*Horstmann Group Limited 2002 £'000*	*RM&C Limited 2002 £'000*	*Serck Controls Limited business 2002 £'000*	*Prior year Disposals 2002 £'000*	*Total 2002 £'000*	*Total 2001 £'000*
Net consideration	(959)	10,176	5,920	(173)	—	14,964	309
Net assets disposed of	(227)	(2,949)	(3,321)	(787)	500	(6,784)	(1,138)
Surplus/(deficit) over book value on sale of businesses	(1,186)	7,227	2,599	(960)	500	8,180	(829)
Less: Goodwill previously eliminated against reserves	—	(7,351)	(2,685)	—	—	(10,036)	(4,128)
(Loss) on disposal of discontinued operations	(1,186)	(124)	(86)	(960)	500	(1,856)	(4,957)
Taxation						—	—
						(1,856)	(4,957)

The 2002 disposals relate to the sale of Roxspur Measurement & Control Limited, Horstmann Group Limited, CT Group companies, Serck Wogen Limited and the trade and assets of Serck Controls Limited and the prior year disposals column comprises provisions in respect of businesses disposed of in earlier years and no longer required. The 2001 disposal relates to the sale of the Italian distribution business. All consideration was received in cash.

(b) Provision for loss on disposal of discontinued operations

Goodwill previously eliminated against reserves

	2002 £'000	*2001 £'000*
RM&C	—	(19,630)
Horstmann	—	(7,166)
CT Composites	—	(3,248)
	—	(30,044)

There was no taxation charge or credit in respect of the above.

(c) Provision for loss on operations to be disposed of

Goodwill previously eliminated against reserves

	2002 £'000	*2001 £'000*
Serck Controls	—	(3,348)

There was no taxation charge or credit in respect of the above.

Notes to the financial statements (continued)

9. Interest payable and similar charges (net)

	2002 £'000	2001 £'000
Payable:		
On bank loans, overdrafts and other loans repayable:		
within five years not by instalments	75	1,269
within five years by instalments	—	5
On finance leases and hire purchase contracts	—	34
	75	1,308
Receivable	(223)	(122)
	(148)	1,186

Interest payable on loans repayable within five years by instalments includes £nil (2001: £68,000) in respect of the Series 1 loan notes.

10. Operating (loss)

	2002 £'000	2001 £'000
Operating (loss) is stated after (crediting)/charging:		
Depreciation:		
On owned assets	183	1,051
On assets held under finance lease and hire purchase contracts	—	106
Hire of plant and machinery	—	174
Amortisation of intangible assets	29	43
Operating lease rentals:		
For hire of other assets	474	579
(Profit)/loss on disposal of fixed assets	—	(166)
Exchange losses/(gains)	(1)	(12)
Research and development – current year expenditure	—	511
Auditors' remuneration (Company £8,000; 2001: £15,000)	40	105

Remuneration of the parent Company's auditors for provision of non audit services to the Group was £344,000 (2001: £194,000) of which £136,000 (2001: £194,000) was charged to operating profit, and £208,000 to the costs of disposals (2001: £ nil). Other audit fees within the Group not paid to the parent Company's auditors, incurred in support of their audit amounted to £10,000 (2001: £24,000).

11. Taxation

	2002 £'000	2001 £'000
United Kingdom corporation tax at a rate of 30% (2001: 30%) – current year	—	—
United Kingdom corporation tax at a rate of 30% (2001: 30%) – prior year	250	—
	250	—

The difference in the actual to the expected charge in both years arises due to the absence of relief for the tax losses arising and the prior year tax charge.

12. Dividends

No dividends were proposed or paid in the year (2001: £nil).

Notes to the financial statements (continued)

13. (Loss) per share

The calculation of the undiluted loss per share of (10.2)p (2001: loss per share of 81.9p) is based on the loss on ordinary activities after taxation and minority interests of £5,232,000 (2001: loss of £41,829,000) and the weighted average number of shares in issue of 51,065,454 (2001: 51,065,454).

Diluted loss per share has been calculated in accordance with FRS 14 'Earnings per share' and is computed as the loss after taxation and minority interests divided by the weighted average number of shares adjusted for the effects of all potential dilutive ordinary shares of 51,065,454 (2001: 51,065,454).

The adjusted (loss) per share is based on earnings before exceptional costs and is calculated on loss after taxation and minority interests of £2,369,000 (2001: £2,235,000) i.e. after adjusting for exceptional costs, loss on sale of discontinued operations and profit on sale of fixed assets of £2,863,000 (2001: £39,594,000) less related tax of £nil (2001: £nil). The adjusted numbers have been provided in order that the effect of the exceptional items on reported earnings can be fully appreciated.

14. Tangible fixed assets

	Land and Buildings				
	Freehold *£'000*	*Leasehold* *£'000*	*Plant and Equipment* *£'000*	*Motor Vehicles* *£'000*	*Total* *£'000*
Group					
Cost					
At 1 July 2001	166	2,253	10,757	299	13,475
Reclassification	353	(353)	—	—	—
Exchange differences	12	29	47	2	90
Additions	—	—	75	—	75
Disposals	—	—	(18)	(41)	(59)
Assets of subsidiaries and businesses disposed of during the year	(178)	(1,929)	(10,861)	(260)	(13,228)
At 30 June 2002	353	—	—	—	353
Depreciation					
At 1 July 2001	3	255	8,149	183	8,590
Reclassification	151	(151)	—	—	—
Exchange differences	1	5	12	3	21
Charge for the year	10	1	158	14	183
Disposals	—	—	(10)	(27)	(37)
Assets of subsidiaries and businesses disposed of during the year	(14)	(110)	(8,309)	(173)	(8,606)
At 30 June 2002	151	—	—	—	151
Net book value					
At 30 June 2002	202	—	—	—	202
At 30 June 2001	163	1,998	2,608	116	4,885

The net book value of Group tangible fixed assets includes an amount of £ nil (2001: £429,000) in respect of assets held under finance leases and hire purchase contracts.

Notes to the financial statements (continued)

The net book value of leasehold land and buildings comprises:

	2002 Group £'000	2001 Group £'000
Long leasehold	—	1,998
Short leasehold	—	—
	—	1,998

The Company has no tangible fixed assets (2001: £nil).

15. Intangible assets

	Goodwill £'000
Group	
Cost	
At 1 July 2001	955
Additions	—
Disposals	(955)
At 30 June 2002	—
Amortisation	
At 1 July 2001	52
Charge in the year	29
Disposals	(81)
At 30 June 2002	—
Net book value	
At 30 June 2002	—
At 30 June 2001	903

The Company has no intangible assets (2001: £nil).

16. Fixed asset investments

	Shares in subsidiary undertakings £'000
Company	
Cost	
At 1 July 2001	65,275
Acquisitions	7,532
At 30 June 2002	72,807
Provisions	
At 1 July 2001	43,575
Provided in the year	29,232
At 30 June 2002	72,807
Net book value	
At 30 June 2002	—
At 30 June 2001	21,700

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Notes to the financial statements (continued)

Acquisitions relate wholly to the Group reorganisation required prior to liquidating some of the Group companies. The Directors have written down the cost of investment in subsidiary undertakings by a further £29,232,000 in the year to reflect the Directors' best estimate of the revised carrying value as noted in the Operating and Finance Review.

The Directors consider that to give full particulars of all subsidiaries would lead to a statement of excessive length. The Company had an interest at 30 June 2002 in the issued share capital of the following principal subsidiary undertakings, registered in England and Wales and operating primarily in Great Britain. All holdings are of ordinary shares in non-trading companies.

	Proportion of voting rights and shares held
Roxspur Management Services Limited*	100%
CT Composites Europe Limited (formerly CT Group Limited)*	100%
CT Platon Holdings Limited*	100%
SCL (2002) Limited (formerly Serck Controls Limited)*	100%
Clayhithe Holdings Limited*	100%

* Direct subsidiaries of Roxspur PLC

17. Stocks

	2002 Group £'000	*2001 Group £'000*
Raw materials	—	2,230
Work in progress	—	1,103
Finished goods	—	726
	—	4,059
Long term contracts (included in work in progress)		
Net cost less foreseeable losses	—	322
Less: applicable payments on account	—	—
	—	322

The Company has no stocks (2001: £nil).

18. Debtors

	2002 Group £'000	*2001 Group £'000*	*2002 Company £'000*	*2001 Company £'000*
Amounts falling due within one year:				
Trade debtors	—	7,330	—	—
Amounts recoverable on contracts	—	65	—	—
Prepayments and accrued income	134	878	119	599
Other debtors	60	618	46	176
Owed by subsidiary undertakings	—	—	11,289	4,515
	194	8,891	11,454	5,290
Amounts falling due after one year:				
Trade debtors	—	93	—	—
	194	8,984	11,454	5,290

Notes to the financial statements (continued)

19. Creditors: Due within one year

	2002 Group £'000	2001 Group £'000	2002 Company £'000	2001 Company £'000
Bank overdraft	—	—	—	5,844
Bank loans	—	6,000	—	6,000
	—	6,000	—	11,844
Payments received on account	—	1,175	—	—
Trade creditors	108	4,906	17	—
Hire purchase and finance leases	—	147	—	—
Other taxation and social security	14	1,063	14	—
Corporation tax	250	597	—	—
Other creditors	5	1,441	—	471
Accruals	316	1,792	—	1,291
Owed to subsidiary undertaking	—	—	42,077	27,080
	693	17,121	42,108	40,686

Details of all financial liabilities are given in note 21.

20. Creditors: Due after one year

	2002 Group £'000	2001 Group £'000	2002 Company £'000	2001 Company £'000
Bank loans	—	—	—	—
Hire purchase and finance lease obligations*	—	281	—	—
	—	281	—	—

* due between one and two years.

21. Financial Instruments

(a) *Policy*

The Group's financial instruments comprise cash and liquid resources and various items, such as trade debtors and creditors that arise directly from its operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest Rate Risk

Prior to the disposal of Roxspur Measurement & Control Limited and Horstmann Group Limited, the Group financed its operations through a mixture of retained profits and bank borrowings. The Group borrowed in the desired currency, generally Sterling, at a floating rate of interest. Interest rate caps were used to minimise the Group's exposure to significant increases in interest rates.

Following the disposal of Roxspur Measurement & Control Limited and Horstmann Group Limited in July 2001, the Group borrowings were eliminated in full.

Notes to the financial statements (continued)

Liquidity Risk

As detailed in note 21(b) the Group has repaid its bank borrowings in full and enjoyed positive cash balances of £5,762,000 at 30 June 2002.

Foreign Currency Risk

Prior to the sale of CT Platon BV, Comint SA, CT Platon GmbH and the trade and assets of CT Platon SA, the Group had a number of overseas subsidiaries which operated in the European Union and whose revenues and expenses were primarily denominated in Euro-zone currencies. The Group's net investments in these subsidiaries was not hedged by the use of foreign currency borrowings.

Prior to the sale of Roxspur Measurement & Control Limited, Horstmann Group Limited and the trade and assets of Serck Controls, about one-quarter of the sales of the Group's UK businesses were to overseas customers. The sales were in Euro-zone currencies, US Dollars and Sterling. The Group's policy was to eliminate the currency exposure on all significant sales at the time of sale through forward currency contracts. All the other sales of the UK businesses were denominated in Sterling.

Vacant property provision

The Group's provision of £498,000 (2001: £379,000) for commitments on vacant leasehold properties meets the definition of financial liabilities. They are discounted at an annual interest rate of 6% (2001: 7%) and are discussed further in Note 22.

The disclosures in the remainder of this note exclude short term debtors and creditors (other than short term borrowings).

(b) *Bank borrowing and facilities*

Bank loans and overdrafts are repayable as follows:

	2002 Group £'000	*2001 Group £'000*	*2002 Company £'000*	*2001 Company £'000*
Between one and two years	—	—	—	—
Between two and five years	—	—	—	—
	—	—	—	—
In one year or less	—	6,000	—	11,844
	—	6,000	—	11,844

In July 2001 the borrowing facilities which were next due for review at 31 July 2001, were repaid in full, and the Group has no borrowing facilities as at 30 June 2002. At 30 June 2001, all borrowings were repayable upon demand and undrawn committed borrowing facilities amounted to £2,123,000.

(c) *Currency exposures*

All financial assets and liabilities are Sterling denominated, except for cash balances of £51,000 (2001: £205,000) held in a combination of Euro-zone currencies and US Dollars.

(d) *Escrow account*

Pursuant to the agreement for the sale of Roxspur Measurement & Control Limited and Horstmann Group Limited, £750,000 included in cash is held to the Company's order by its lawyers, Nabarro Nathanson for the settlement of pension liabilities arising under s75 Pensions Act 1995 and for which provision is made in note 22.

(e) *Fair value*

There is no material difference between the fair value and the book value of financial liabilities.

Notes to the financial statements (continued)

22. Provisions for liabilities and charges

	Contract provision £'000	*Reorganisation provision £'000*	*Warranty provision £'000*	*Pensions provision £'000*	*Vacant leasehold provision £'000*	*Total £'000*
Group						
At 1 July 2001	830	285	708	951	379	3,153
Charged/(released) in the period	(350)	43	(500)	675	119	(13)
Utilised in the period	—	(209)	—	(226)	—	(435)
Subsidiaries disposed of	(480)	(78)	(208)	—	—	(766)
At 30 June 2002	—	41	—	1,400	498	1,939
Company						
At 1 July 2001	—	—	—	—	379	379
Transferred from other Group company	—	41	—	951	—	992
Charged in the period	—	—	—	675	119	794
Utilised in the period	—	—	—	(226)	—	(226)
At 30 June 2002	—	41	—	1,400	498	1,939

£350,000 of the contract provision has been released in the period. This provision related to estimated irrecoverable costs arising from the liquidation of a contractor and other contracts, however, all costs have now been dealt with and at 30 June 2002 no such provision is required.

The reorganisation provision relates to the costs of liquidating certain subsidiary companies and will be utilised in the year to June 2003.

£500,000 of the warranty provision has been released in the period. This provision was to cover expected claims on products sold before 30 June 2001, however the Directors are not aware of any claim or potential claim at 30 June 2002 and as such the provision has been released.

The pensions provision represents the estimated debt arising under s75(1) of the Pensions Act 1995 on the winding up of the pension schemes. This is discussed further in note 32.

The Group's vacant property provision comprises three properties in the UK, which were previously used by Group companies. Provision has been made for the residual lease commitments after taking into account the existing sub-tenant arrangements and on-going negotiations. In determining the provision, the cash flows have been discounted using an appropriate rate. £100,472 of the provision will be utilised in the next year, £149,031 in 1 to 2 years, £133,950 in 2 to 5 years and the balance over the remaining 5 to 9 years.

Deferred taxation

The Group had no liability to deferred taxation as at 30 June 2002 (2001: £nil). It had an unprovided deferred tax asset of £4,562,000 (2001: £4,610,000), which at present is unlikely to be realised.

23. Pensions and similar obligations

The total pension cost charged to the profit and loss account for the period was £115,000 (2001: £565,000). All the schemes are in wind up and details of the individual schemes and the latest valuations are set out below.

Roxspur Money Purchase Scheme

The scheme provided benefits on a defined contribution basis.

Notes to the financial statements (continued)

The Brearley Group Defined Benefit Scheme

The Brearley Group Limited operated a defined benefit scheme, the assets of which were held in separate trustee administered funds.

The scheme was funded in accordance with the advice of an independent actuary. The latest actuarial valuation was carried out on 1 August 1999. The projected unit method of valuation was used. The principal assumptions were that the investment should earn 7.5% per annum, and that the average salary increases would be 5.5% per annum with an allowance for promotional increases.

The total market value of the scheme as at the latest formal valuation date amounted to £1,424,000 and the actuarial valuation of these assets represented 83% of the benefits which had accrued to members, after allowing for expected further increases in earnings. Contributions were being made in accordance with the actuary's recommendations and the deficit was being amortised over the remaining service lives of the employees.

Notice to wind up the scheme was served on 23 July 2001.

Wills Group Defined Benefit Scheme

Wills Group Limited operated a defined benefit scheme which was closed to new members on 31 December 1994. The assets of the scheme are held in separate trustee administered funds.

The latest actuarial valuation of the Wills Group Limited defined benefit scheme was as at 1 January 1998, using the defined accrued benefit method, performed by an independent actuary. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in pensions. It was assumed that investment returns would be 6.5% per annum and that present and future pensions would increase in deferment at the rate of 3% per annum and in payment at the rate of 3% per annum. At the date of the latest actuarial valuation of the Wills Group defined benefit scheme, the market value of the assets of the scheme was £7,300,000 and the actuarial value of the assets was sufficient to cover some 109% of its liabilities at 1 January 1998.

An interim review of the Minimum Funding Requirement showed that on this basis, the value of assets represented 99% of the liabilities as at 1 September 2000. Accordingly, the principal employer to the scheme agreed to additional contributions of £400,000, payable in four annual instalments. No payments were made in the year (2001: £100,000). No further payments have been made following notice to wind up the scheme on 11 March 2002. The scheme actuary has confirmed that no debt arises under s75(1) of the Pensions Act 1995.

CT Platon Managed Pension Plan

CT Platon Holdings Limited operated a defined benefit scheme, which was closed to new members on 31 October 1992. The assets of the scheme are held in separate trustee administered funds.

The scheme's financial position as at 5 April 1999 was reviewed by the scheme's independent actuary. The review showed that the results of the actuarial valuation of the scheme's assets at that date covered only some 71% of the scheme's liabilities. This results in a funding deficit of £590,000.

The assumptions which have the most significant effect on the results of the review are those relating to the rate of return on investments and the rates of increase in pensions. It was assumed that investment returns would be 5.75% per annum, that pensions would increase in deferment at the rate of 2.75% per annum and that there would be no increase in pensions in payment apart from those statutorily required in respect of Guaranteed Minimum Pensions accrued since 5 April 1999. At the date of review, the market value of the scheme's assets was approximately £1,444,000.

Notes to the financial statements (continued)

Following an annual review of the funding of the scheme, an additional schedule of contributions was agreed with the actuary and trustees of the scheme, amounting to £1,263,000. These payments were to be made to the plan over the next 7 years as agreed with the scheme's actuary. A payment of £226,000 was made in the year to 30 June 2002. Notice to wind up the scheme was given on 11 March 2002.

BETEC Retirement Benefits Plan

The BETEC Retirement Benefits Plan covered employees of Aylesbury Automation Limited and Clevedon Fasteners Limited with defined benefits on a final salary basis. The scheme was funded in accordance with the advice of independant actuaries. The assets of the scheme are held in separate trustee administered funds. The rates of contribution were determined by independent qualified actuaries and full actuarial valuations were made at regular intervals. The latest full valuation was carried out as at 1 April 1999 using the attained age method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would exceed salary increases by 2% and that present and future pensions in excess of the guaranteed minimum would increase by up to 3% per annum. On the basis of this valuation, the market value of the Plan's assets was £30,300,000 and the actuarial value of those assets represented 133% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Notice to terminate the employers' participation in the scheme was given on 24 January 2002 and the trustees resolved to wind up the scheme on 25 May 2002.

Horstmann Group Pension Schemes

Horstmann Group Limited maintained money purchase pension schemes and the costs of providing the benefits under those schemes were chargeable in the accounts as they accrued.

Horstmann Group previously maintained a contributory defined benefit scheme which was closed as at 5 April 1991. The latest actuarial valuation of the defined benefit scheme was performed as at 5 October 1999 using the discontinuance method. The principal assumption used by the independent actuary was that over the long term the annual rate of return on investments would be 3% higher than the annual increase in the Retail Price Index. The valuation indicated a deficit of £69,000 after allowing for certain increases in members' benefits. On the basis of this valuation the market value of the scheme's assets was £15,800,000 and the actuarial valuation of those assets represented 100% of the benefits accrued to members. The assets of the scheme are held in separate trustee administered funds.

Notice to wind up the scheme was given on 31 January 2002.

24. Pensions: transitional arrangements of FRS 17

The Group has elected to defer implementation of FRS 17 as provided for in the statement. The information set out below in respect of the Group's defined benefit schemes has not been reflected in the financial statements, as allowed for under the transitional arrangements of FRS 17.

The additional disclosures required by FRS 17 during the transitional period are as follows based on the most recent actuarial valuations disclosed above and updated by the schemes actuaries as at 30 June 2002 to take account of the requirements of FRS 17.

Notes to the financial statements (continued)

Pension Schemes

	2002 Brearley Group	2002 Platon Managed	2002 Total	2001 Brearley Group	2001 Platon Managed	2001 Total
Agreed contribution for future years	See note 23	See note 23		18%	See note 23	
Inflation assumption	2.75%	2.50%		2.75%	2.50%	
Rate of increase of salaries	4.50%	0.00%		4.50%	0.00%	
Rate of increase for pensions in payment and deferred pensions	2.75%	0.25%		2.75%	0.00%	
Rate used to discount scheme liabilities	5.75%	6.00%		6.25%	6.10%	
Expected rate of return on assets:						
– Equities	8.00%	0.00%		8.00%	0.00%	
– Bonds	5.00%	5.90%		5.00%	6.50%	
– Other	5.75%	3.80%		5.75%	4.90%	
– Total	7.00%	5.60%		7.00%	6.40%	
Fair value of assets at 30 June:	£'000	£'000	£'000	£'000	£'000	£'000
– Equities	633	—	633	770	—	770
– Bonds	288	1,530	1,818	169	1,460	1,629
– Other	444	237	681	612	93	705
	1,365	1,767	3,132	1,551	1,553	3,104
Present value of scheme liabilities	(1,984)	(2,188)	(4,172)	(1,807)	(2,050)	(3,857)
(Deficit)	(619)	(421)	(1,040)	(256)	(497)	(753)

All the defined benefit schemes are in the course of being wound up.

The information required under FRS17 has not been obtained for the Wills Group and BETEC schemes since the Company is advised that both schemes are in surplus but that there will not be a refund due to the employer upon winding up.

No deferred tax asset or liability would arise on the differences between the fair value of assets and the present value of scheme liabilities at 30 June 2002.

In the event that the deficits were recognised in these accounts, net assets and profit and loss reserve would reduce by £484,000.

The following amounts would have been recognised in the performance statements for the year ended 30 June 2002 had FRS 17 been adopted in full at June 2002:

	Brearley Group £'000	Platon Managed £'000
Proforma profit and loss charge:		
Current service cost	3	50
Past service cost	—	—
	3	50
Interest on pension scheme liabilities	77	121
Expected return on plan assets	(75)	(110)
Gain on curtailment	(76)	—
Net return	(74)	11
Total proforma (gain)/charge to profit and loss account	(71)	61
Proforma gains/(losses) to be recognised in the Statement of Total Recognised Gains and Losses		
(Gain)/Loss from differences between expected and actual returns on plan assets	156	(19)
Experience (gain)/loss on plan liabilities	78	(11)
Effect of changes in actuarial assumptions	205	119
Total actuarial (gain)/loss in Statement of Total Recognised Gains and Losses	439	89

Notes to the financial statements (continued)

Proforma history of amounts recognised in Statement of Total Recognised Gains and Losses

	Brearley Group £'000	*Brearley Group %*	*Platon Managed £'000*	*Platon Managed %*
(Gain)/loss from difference between expected and actual returns on plan assets	156	11.40% of assets	(19)	(1.08)% of assets
Experience (gain)/loss on plan liabilities	78	3.90% of liabilities	(11)	(0.50)% of liabilities
Effect of changes in actuarial assumptions	205	10.40% of liabilities	119	5.40% of liabilities
Total actual (gain)/loss recognised	439	22.10% of liabilities	89	4.07% of liabilities

Reconciliation of movement in deficit in the year

	Brearley Group £'000	*Platon Managed £'000*
Deficit at 1 July 2001	(256)	(497)
Proforma charge/(credit) to profit and loss account	71	(61)
Contribution	5	226
Total actuarial (gain)/loss in Statement of Total Recognised Gains and Losses	(439)	(89)
Deficit at 30 June 2002	(619)	(421)

25. Share Capital

	2002 £'000	*2001 £'000*
Authorised:		
75,000,000 ordinary shares of 10p each (2001: 75,000,000 ordinary shares of 10p each)	7,500	7,500
	7,500	7,500
Allotted, issued and fully paid:		
51,065,454 ordinary shares of 10p each (2001: 51,065,454 ordinary shares of 10p each)	5,106	5,106
	5,106	5,106

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Notes to the financial statements (continued)

26. Reserves

Group

	Merger reserve £'000	Special reserve £'000	Second Special reserve £'000	Profit and loss account £'000	Total £'000
At 1 July 2001	14,812	4,273	18,435	(43,879)	(6,359)
Retained (loss) for the year	—	—	—	(5,232)	(5,232)
Foreign exchange movements	—	—	—	(25)	(25)
Goodwill written back on disposal of businesses	6,178	—	—	3,858	10,036
Transfer between reserves	(20,990)	—	—	20,990	—
At 30 June 2002	—	4,273	18,435	(24,288)	(1,580)

Company

		Other reserves			
	Merger reserve £'000	Special reserve £'000	Second Special reserve £'000	Total £'000	Profit and loss £'000
At 1 July 2001	—	4,273	18,435	22,708	(41,889)
Retained (loss) for the year	—	—	—	—	(15,152)
At 30 June 2002	—	4,273	18,435	22,708	(57,041)

The special reserve arose upon the cancellation of deferred shares. The court order allowed that an amount equal to the amount of the deficit in the Company's profit and loss account should be recredited to distributable reserves.

The second special reserve arose on the cancellation of the share premium on 29 January 1999. The High Court order allowed that this reserve, together with the existing special reserve may be applied on consolidation against the goodwill write off reserve. This second special reserve is non distributable.

The cumulative goodwill written off to reserves in respect of acquisitions is £nil (2001: £10,036,000).

The Company has taken advantage of the exemption from presenting its own profit and loss account as permitted by section 230 of the Companies Act 1985. The loss for the year dealt with in the profit and loss account of the parent Company was £15,152,000 (2001: £31,647,000). The loss for the year includes a charge of £29,232,000 (2001: £30,614,000) for permanent diminution in the value of the Company's investments (see note 16).

Notes to the financial statements (continued)

27. Reconciliation of operating loss to operating cash flows

	2002 £'000	2001 £'000
Operating loss	(3,286)	(3,522)
Exceptional profit on disposal of fixed assets	—	1,171
	(3,286)	(2,351)
Depreciation and amortisation	143	1,157
Provision movement	(448)	(364)
Profit on disposal of fixed assets	—	(1,337)
Decrease in stock	1,407	604
Decrease in debtors	894	4,032
(Decrease) in creditors	(1,742)	(2,094)
Net cash (outflow) from continuing operations	(3,032)	(353)

The cashflows relating to the businesses disposed of comprised cash outflows from operating activities of £1,633,000 (2001: cash inflow of £407,000), taxation paid of £275,000 (2001: £nil) and net capital expenditure of £53,000 (2001: £1,572,000).

28. Reconciliation of net cashflow to movements in net debt

	2002 £'000	2001 £'000
Increase/(decrease) in cash in the period	5,324	(601)
Net cashflow from liquid resources	—	(1,625)
Loans repaid	6,000	1,644
Finance leases repaid	—	45
Change in net funds resulting from cash flows	11,324	(537)
Loans and finance leases disposed of with business	428	—
New finance leases	—	(415)
Movement in net debt in period	11,752	(952)
Net debt at 1 July	(5,990)	(5,038)
Net cash/(debt) at 30 June	5,762	(5,990)

29. Analysis of net (debt)/cash

	At 1 July 2001 £'000	Other non-cash changes £'000	Cash flow £'000	At 30 June 2002 £'000
Cash in hand, at bank	438	—	5,324	5,762
Overdrafts	—	—	—	—
	438	—	5,324	5,762
Debt due within one year	(6,000)	—	6,000	—
Finance leases due within one year	(147)	147	—	—
Finance leases due after one year	(281)	281	—	—
Total	(5,990)	428	11,324	5,762

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Notes to the financial statements (continued)

30. Commitments

	2002		2001	
	Land and Buildings £'000	*Other £'000*	*Land and Buildings £'000*	*Other £'000*
Annual commitments under non-cancellable operating leases which expire:				
Within one year	—	—	4	16
Between two and five years	115	—	133	263
After five years	339	—	659	—
	454	—	796	279

The Group had contracted capital commitments of £nil at 30 June 2002 (2001: £213,000).

31. Related party transactions

Details of related party transactions concerning Directors are contained in the Report of the Remuneration Committee.

Prior to the notice terminating the Group employers participation in the BETEC and the notice to wind up the Horstmann pension schemes, the Group recharged the schemes with the costs of administration and independent advisors borne by the Group. The total amount recharged in the year ended 30 June 2002 was £nil (2001: £89,000).

The holding company has taken advantage of the exemption contained in the Financial Reporting Standard 8 and has therefore not disclosed transactions of balances with entities which form part of the Roxspur Group.

32. Contingent liabilities

The Group has initiated the winding up of its pension schemes and the provision of £1,400,000 in note 22 comprises the Directors' view, based upon legal and actuarial advice, of the liabilities arising from the winding up of all the Group's pension schemes. In addition, the Group faces a number of pension issues on which the Directors have taken legal advice and, based upon this advice, the Directors are satisfied that no provision is required in the accounts since no liability is expected to arise. However, some of these issues have been, and some of these issues may be, referred to the Pensions Ombudsman and consequently the outcome both in terms of the likely date of resolution and quantum in the event of a ruling against the Group, is uncertain.

The principal issues relate to two of the schemes, BETEC Retirement Benefits Plan (BETEC) and the Platon Managed Pension Plan (Platon). In both cases, the trustees allege that certain pension increases are guaranteed. The BETEC trustees have referred the matter to the Pensions Ombudsman. The Directors have taken legal advice on the documents submitted to the Pensions Ombudsman and all other evidence provided by the trustees of both schemes. The legal advice in both cases is that the increases are discretionary and do not therefore fall to be funded by the employing company on winding up. Moreover, all actuarial valuations prepared in the past by independent actuaries have been on the basis that these increases are not guaranteed. It is not possible to precisely quantify the claim, but in the event that the increases were held to be guaranteed, indicatively the quantum is currently estimated at up to £4,500,000 in addition to the £1,400,000 already provided.

Should such liabilities arise the Group may be rendered insolvent and the going concern basis of preparation may not be appropriate.

The Company is party to a Group bank guarantee and set off agreement. At 30 June 2002 the maximum potential liability of the Company in this respect was £nil (2001: £7,753,000).

Performance bonds and guarantees of £nil in respect of certain contracts were outstanding at 30 June 2002 (2001: £2,162,000).

Notes to the financial statements (continued)

33. Share Options

No options over ordinary shares in the Company were granted or exercised in the year under the 1996 Share Option Scheme, approved and adopted by shareholders on 4 December 1996. Previous option grants are summarised as follows:

Period of Option	*Date of Grant*	*Price per share*	*Number of shares*
Between 26.4.99 and 26.4.06	April 1996	45p	110,000
Between 14.1.00 and 14.1.07	January 1997	77.5p	26,000
Between 8.10.00 and 8.10.07	October 1997	80p	32,000
Between 14.9.01 and 14.9.08	September 1998	67.5p	98,500
Between 23.3.02 and 23.3.09	March 1999	35.5p	340,000
Between 8.11.02 and 8.11.09	November 1999	34p	229,000

Options granted under the Share Option Scheme were subject to a performance condition that the percentage growth in earnings per share of Roxspur PLC during any continuous period of three years must exceed the percentage growth in the Retail Price Index by an average of at least 3% per annum during the same period before the option may be exercised.

During the year options over 259,507 approved ordinary shares lapsed and in addition, options over 65,493 non approved ordinary shares also lapsed.

No options were granted in the year under the 1996 Sharesave Scheme, approved and adopted by shareholders on 4 December 1996.

Previous option grants are summarised as follows:

Period of Option	*Date of Grant*	*Price per share*	*Number of shares*
Between 21.3.00 and 21.9.00	March 1997	72p	12,051
Between 23.3.01 and 23.9.01	March 1998	81p	109,535
Between 19.3.02 and 19.9.02	March 1999	43p	704,832
Between 31.3.02 and 30.9.03	March 2000	38p	292,949

No options have been exercised under the March 1997, 1998 and 1999 grants.

On the acquisition of Clayhithe PLC by the Company, holders of share options in Clayhithe PLC became eligible to exercise their options on a like for like basis with the Company's offer for Clayhithe or accept replacement options. A total of 275,675 replacement options exist under these provisions. None have lapsed or been exercised during the year.

Period of Option	*Date of Grant*	*Price per share*	*Number of shares*
Between 11.12.99 and 11.12.05	December 1995	65.29p	275,675

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