

SAXTON BAMPFYLDE HEVER PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2002
Company No. 2018211

NEXIA AUDIT LIMITED
Chartered Accountants
GUILDFORD



SAXTON BAMPFYLDE HEVER PLC

COMPANY INFORMATION

Directors	S J Bampfylde D R H Board P J Drew M E A Le Neve Foster P M Miller D L C A Elder (appointed 15 July 2002)
Secretary	M E A Le Neve Foster
Company number	2018211
Registered office	35 Old Queen Street London SW1H 9JA
Auditors	Nexia Audit Limited 1 Bishops Wharf Walnut Tree Close Guildford Surrey GU1 4RA
Advisors	Smith & Williamson Limited 1 Bishops Wharf Walnut Tree Close Guildford Surrey GU1 4RA

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 2002.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Group continues to be that of management consultants. The Group provides executive search and advertised recruitment services.

REVIEW OF BUSINESS

The directors expect the future performance of the company to be at least as good as the financial year to 30 September 2002.

RESULTS AND DIVIDENDS

The results for the year ended 30 September 2002 are set out in the consolidated profit and loss account on page 5. Total group turnover has decreased by 16% to £4,414,163 (2001: £5,262,587). The group net profit for the year after tax has increased from £23,920 in 2001 to £335,617 in 2002. No interim dividend was paid or proposed during the year (2001: £nil). The directors do not propose a final dividend (2001: £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, together with their interests in the shares of the Company, are listed below:

	<u>Ordinary shares of £1 each</u>	
	<u>30 September</u>	<u>1 October</u>
	<u>2002</u>	<u>2001</u>
S J Bampfylde	31,500 'A' shares	31,500 'A' shares
D R H Board	3,500 'A' shares	3,500 'A' shares
	1,500 'B' shares	1,500 'B' shares
P J Drew	Nil	Nil
M E A Le Neve Foster	Nil	Nil
P M Miller	Nil	Nil
D L C A Elder (appointed 15 July 2002)	Nil	Nil

S J Bampfylde is a director of Bell McCaw Bampfylde Limited. Details of transactions with this company are given in Note 21 to the accounts.

CHARITABLE DONATIONS

The Group contributed £7,637 (2001: £21,516) to charities during the year.

DIRECTORS' REPORT

AUDITORS

Since the previous Annual General Meeting, Smith & Williamson were appointed auditors. Subsequently, Smith & Williamson transferred their audit business to Nexia Audit Limited. A resolution to re-appoint Nexia Audit Limited will be proposed at the next Annual General Meeting.

35 Old Queen Street
London
SW1H 9JA

By order of the Board



M E A Le Neve Foster
Director and Company Secretary

Date... 19 December 2002

SAXTON BAMPFYLDE HEVER PLC

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 the group and of the profit or loss of the group for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records 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 of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF
SAXTON BAMPFYLDE HEVER PLC

We have audited the financial statements of Saxton Bampfylde Hever Plc on pages 5 to 18 for the year ended 30 September 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3 the company's directors are responsible for the preparation of the 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's and group's affairs as at 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited

GUILDFORD

19 December 2002

NEXIA AUDIT LIMITED
Chartered Accountants
Registered Auditors

SAXTON BAMPFYLDE HEVER PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2001 £
Turnover	2	4,414,163	5,262,587
Administrative expenses		(4,132,369)	(5,282,244)
Other operating income		150,000	-
OPERATING PROFIT / (LOSS)	5	<u>431,794</u>	<u>(19,657)</u>
Share of associate's operating profit		21,004	17,750
Interest receivable & similar income	3	13,345	19,552
Interest payable & similar charges	4	(6,272)	(9,047)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>459,871</u>	<u>8,598</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(124,254)	15,322
RETAINED PROFIT FOR THE YEAR	15	<u><u>£335,617</u></u>	<u><u>£23,920</u></u>

All results arose from continuing operations.

The accompanying notes are an integral part of this consolidated profit and loss account.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 2002

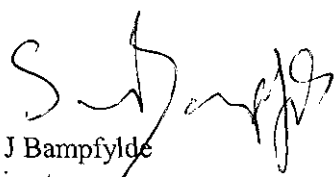
	2002 £	2001 £
Profit for the financial year	335,617	23,920
Currency translation differences on foreign currency net investments	(3,037)	-
TOTAL GAINS FOR THE YEAR	<u><u>£332,580</u></u>	<u><u>£23,920</u></u>

SAXTON BAMPFYLDE HEVER PLC**CONSOLIDATED BALANCE SHEET****AS AT 30 SEPTEMBER 2002**

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible assets	8		323,725		408,807
Investments	9		17,584		11,435
			<u>341,309</u>		<u>420,242</u>
CURRENT ASSETS					
Debtors	10	883,156		1,238,251	
Cash at bank and in hand		609,041		369,394	
			<u>1,492,197</u>	<u>1,607,645</u>	
CREDITORS: amounts falling due within one year	11	(932,487)		(1,453,348)	
NET CURRENT ASSETS			<u>559,710</u>	<u>154,297</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>901,019</u>	<u>574,539</u>	
CREDITORS: amounts falling due after more than one year	12		-	(6,100)	
NET ASSETS			<u>£901,019</u>	<u>£568,439</u>	
CAPITAL AND RESERVES					
Called up share capital	13		50,000		50,000
Profit and loss account	14		851,013		518,433
EQUITY SHAREHOLDERS' FUNDS	15		<u>901,013</u>		<u>568,433</u>
Minority interests			6		6
TOTAL CAPITAL EMPLOYED			<u>£901,019</u>	<u>£568,439</u>	

The accompanying notes are an integral part of this balance sheet.

The accounts on pages 5 to 18 were approved by board of directors on 19 December 2002 and signed on its behalf by:


S J Bampfylde
Director

SAXTON BAMPFYLDE HEVER PLC**BALANCE SHEET****AS AT 30 SEPTEMBER 2002**

	Note	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible assets	8		323,725		408,807
Investments	9		354		354
			<u>324,079</u>		<u>409,161</u>
CURRENT ASSETS					
Debtors	10	883,156		1,238,251	
Cash at bank and in hand		608,945		369,292	
		<u>1,492,101</u>		<u>1,607,543</u>	
CREDITORS: amounts falling due within one year	11	(932,487)		(1,453,348)	
NET CURRENT ASSETS			<u>559,614</u>		<u>154,195</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>883,693</u>		<u>563,356</u>
CREDITORS: amounts falling due after more than one year	12		-		(6,100)
NET ASSETS			<u><u>883,693</u></u>		<u><u>557,256</u></u>
CAPITAL AND RESERVES					
Called up share capital	13		50,000		50,000
Profit and loss account	14		833,693		507,256
EQUITY SHAREHOLDERS' FUNDS	15		<u><u>£883,693</u></u>		<u><u>£557,256</u></u>

The accompanying notes are an integral part of this balance sheet.

The accounts on pages 5 to 18 were approved by the board of directors on and signed on its behalf by:

19 December 2002



S J Bampfylde
Director

SAXTON BAMPFYLDE HEVER PLC
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2001 £
Net cash inflow from operating activities	16	266,005	(576,460)
Returns on investments and servicing of finance	17	6,668	10,505
Taxation	17	1,925	(131,860)
Capital expenditure and financial investment	17	(68,143)	(155,371)
Equity dividends paid		-	(84,000)
		<hr/>	<hr/>
Cash inflow/(outflow) before financing		206,455	(937,186)
Financing	17	(25,044)	(41,186)
Increase/(decrease) in cash	18	<u>£181,411</u>	<u>£(978,372)</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

SAXTON BAMPFYLDE HEVER PLC**STATEMENT OF ACCOUNTING POLICIES****FOR THE YEAR ENDED 30 SEPTEMBER 2002****1. ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied throughout the year and the preceding year, is set out below.

Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of Consolidation

The Group accounts consolidate the financial statements of Saxton Bampfylde Hever plc and its subsidiary undertakings made up to 30 September 2002. The acquisition method of accounting has been adopted.

In the company accounts, investments in subsidiary undertakings are stated at cost.

No profit and loss account is presented for the Company as provided by S230 of the Companies Act 1985. The company's retained profit for the year was £326,437 (2001: £11,683). The subsidiary undertakings did not trade during the year.

Turnover

Turnover represents fees invoiced for services provided, together with related recoverable expenses, net of value added tax. Fees and their related recoverable expenses are credited to the profit and loss account on the basis of the work done.

Tangible fixed assets

Fixed assets are shown at original historical cost less accumulated depreciation and any provision for impairment in value.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

Office furniture and equipment	-	7 years
Motor vehicles	-	4 years
Computer equipment and software	-	3 years

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided for on a full provision basis on all timing differences which have arisen but not reversed on the balance sheet date.

A deferred tax asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Any assets and liabilities recognised have not been discounted.

STATEMENT OF ACCOUNTING POLICIES**FOR THE YEAR ENDED 30 SEPTEMBER 2002****1. ACCOUNTING POLICIES (continued)****Pension costs**

The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

Foreign currency

Transactions denominated in foreign currencies are recorded at actual exchange rates as at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. Exchange differences arising on the translation of the opening net investments in foreign associates are taken to reserves.

Leases

Assets held under hire purchase agreements are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over its useful economic life. Finance charges are allocated to accounting periods over the period of the lease so as to give a constant rate of charge on the outstanding balance. Payments are apportioned between finance charges and the reduction of the liability.

Operating lease rentals are charged on a straight line basis over the lease term.

Investments

Current asset investments are stated at the lower of cost and net realisable value. Fixed asset investments are shown at cost less any provision for impairment in value.

Associates

In the group financial statements investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of associates' profits less losses and the group's share of the net assets of the associates is shown in the consolidated balance sheet.

2. Turnover

The turnover and pre-tax profit is attributable to the company's principal activity, that of management consultancy.

3. Interest receivable and similar income

	2002 £	2001 £
Investment income	5	-
Bank interest receivable	12,883	19,552
Share of associate's interest receivable ⁴⁵⁷	-	-
	<u>13,345</u>	<u>19,552</u>

STATEMENT OF ACCOUNTING POLICIESFOR THE YEAR ENDED 30 SEPTEMBER 2002**4. Interest payable and similar charges**

	2002	2001
	£	£
Interest on bank loans and overdrafts	3,933	5,021
Interest on hire purchase contracts	2,287	4,026
Share of associate's interest payable	52	-
	<u>6,272</u>	<u>9,047</u>

5. Operating profit / (loss)

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

Depreciation of owned assets	139,944	156,703
Depreciation of assets held under hire purchase agreements	6,273	35,231
Rentals under operating leases		
-land and buildings	226,000	226,000
-plant and machinery	22,460	22,700
Auditors' remuneration		
-audit fees	12,358	16,800
-non-audit services	15,950	15,650
	<u>15,950</u>	<u>15,650</u>

SAXTON BAMPFYLDE HEVER PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002

6. Staff costs

Particulars of employees (including executive directors) are as shown below. Employee costs during the year amounted to:

	2002 £	2001 £
Salaries	1,800,593	2,543,754
Social security costs	237,591	310,338
Pension costs	221,120	300,554
	<u>2,259,304</u>	<u>3,154,646</u>

The average monthly number of persons employed by the Group during the year was 44 (2001:52) consisting of consultants and people involved in office management.

Directors' remuneration

The remuneration of the directors was as follows:

	2002 £	2001 £
Emoluments	615,021	826,170
Company contributions to money purchase pension schemes	159,303	179,200
	<u>774,324</u>	<u>1,005,370</u>

Pensions

The number of directors who were members of money purchase pension schemes was as follows:

	2002 Number	2001 Number
Money purchase schemes	<u>6</u>	<u>5</u>

SAXTON BAMPFYLDE HEVER PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2002****6. Staff costs (continued)***Highest paid director*

The above amounts for remuneration include the following in respect of the highest paid director:

	2002 £	2001 £
Emoluments	253,759	263,821
Company contributions to money purchase pension schemes	102,600	105,000
	<u>356,359</u>	<u>368,821</u>

7. Tax on profit on ordinary activities

The tax (credit) / charge is based on the profit for the year and comprises:

UK corporation tax	123,000	(24,208)
Adjustment to UK corporation tax in respect of prior year	(2,030)	3,373
Total current tax	<u>120,970</u>	<u>(20,835)</u>
Share of associates' tax	3,284	5,513
	<u>124,254</u>	<u>(15,322)</u>

Factors affecting the company tax charge:

Profit on ordinary activities before taxation	<u>447,417</u>	<u>(9,154)</u>
Profit on ordinary activities before taxation multiplied by applicable rate of corporation tax of 30% (2001: 30%)	134,225	(2,746)
Marginal relief	(26,276)	(963)
Expenses disallowed	22,858	32,088
Capital allowances in excess of depreciation	(1,027)	(2,337)
Pension provision adjustment	(4,570)	(50,250)
Accrued dividend	(2,210)	-
Current tax charge	<u>123,000</u>	<u>(24,208)</u>

A deferred tax asset of approximately £17,000 (2001: £24,000) has not been recognised in the accounts.

SAXTON BAMPFYLDE HEVER PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2002****8. Tangible fixed assets
Group and Company**

	Office furniture & equipment	Owned computer equipment	Lease purchase computer equipment	Owned motor vehicles	Lease purchase motor vehicles	Total
Cost						
At 1 October 2001	508,930	280,476	44,006	20,824	80,788	935,024
Additions	15,192	53,441	-	-	-	68,633
Transfers	-	44,006	(44,006)	25,845	(25,845)	-
Disposals	(24,810)	(3,377)	-	-	(29,851)	(58,038)
At 30 September 2002	499,312	374,546	-	46,669	25,092	945,619
Depreciation						
At 1 October 2001	210,271	200,749	44,006	10,412	60,779	526,218
Charge to P&L	60,344	74,394	-	5,206	6,273	146,217
Transfers	-	44,006	(44,006)	25,845	(25,845)	-
Disposals	(26,039)	(2,113)	-	-	(22,388)	(50,540)
At 30 September 2002	244,576	317,036	-	41,463	18,819	621,894
Net book value						
At 30 September 2002	254,736	57,510	-	5,206	6,273	323,725
At 30 September 2001	298,659	79,727	0.00	10,412	20,009	408,807

9. Fixed asset investments

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Subsidiary undertakings at cost	-	-	96	96
Investment in associates	17,343	11,194	17	17
Listed investments	241	241	241	241
	<u>17,584</u>	<u>11,435</u>	<u>354</u>	<u>354</u>

Associates - Share of net assets and net book value

	£
At 1 October 2001	11,194
Share of retained profit for the year	6,149
At 30 September 2002	<u>17,343</u>

SAXTON BAMPFYLDE HEVER PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 SEPTEMBER 2002****9. Fixed asset investments (continued)**

The parent company has investments in the following subsidiary undertakings, associates and other investments.

	Country of incorporation or principal business address	Principal activity	Shares held Class	%
<i>Subsidiary undertakings</i>				
The Hever Group Limited (+)	England and Wales	Dormant	Ordinary	94%
ARC Advertised				
Recruitment & Consultancy Ltd	England and Wales	Dormant	Ordinary	100%
<i>Associate</i>				
Bell McCaw Bampfylde Ltd (+)	New Zealand	Recruitment Consultancy	Ordinary	30%

Listed investments comprise investments which are listed on the London Stock Exchange. The market value of these investments was £66 at 30 September 2002 (2001: £260).

(+) Held directly by Saxton Bampfylde Hever Plc

10. Debtors

	<u>Group and Company</u>	
	2002	2001
	£	£
Amounts falling due within one year:		
Trade debtors	598,324	945,444
Amounts owed by associates	10,935	6,312
Corporation tax recoverable	26,238	26,133
Other debtors	27,445	15,552
Prepayments and accrued income	220,214	244,810
	<u>883,156</u>	<u>1,238,251</u>

11. Creditors: Amounts falling due within one year

Bank loans and overdrafts	58,236	-
Obligations under hire purchase agreements	6,099	25,044
Trade creditors	175,442	184,278
Other creditors		
-UK corporation tax payable	123,000	-
-VAT	106,055	156,289
-Social security and PAYE	61,680	80,930
-Other creditors	144,886	102,987
Accruals	80,427	484,716
Deferred income	176,662	419,104
	<u>932,487</u>	<u>1,453,348</u>

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 30 SEPTEMBER 2002**12. Creditors: Amounts falling due after more than one year**

	<u>Group and Company</u>	
	2002	2001
	£	£
Obligations under hire purchase agreements falling due within 5 years	-	6,100

13. Called-up share capital

	2002	2001
	£	£
<i>Authorised, allotted, called-up and fully paid:</i>		
35,000 ordinary 'A' shares of £1 each	35,000	35,000
15,000 ordinary 'B' shares of £1 each	15,000	15,000
	<u>50,000</u>	<u>50,000</u>

14. Reserves

	<u>Group</u>		<u>Company</u>	
	2002	2001	2002	2001
	£	£	£	£
<i>Profit and loss account:</i>				
Beginning of year	518,433	494,513	507,256	495,573
Retained profit for the year	335,617	23,920	326,437	11,683
Foreign exchange differences	(3,037)	-	-	-
End of year	<u>851,013</u>	<u>518,433</u>	<u>833,693</u>	<u>507,256</u>

15 Reconciliation of movement in equity shareholders' funds

Shareholders' funds at beginning of year	568,433	544,513	557,256	545,573
Retained profit for the year	335,617	23,920	326,437	11,683
Foreign exchange differences	(3,037)	-	-	-
Shareholders' funds at end of year	<u>901,013</u>	<u>568,433</u>	<u>883,693</u>	<u>557,256</u>

16 Reconciliation of operating profit/(loss) to operating cash flows

	<u>Continuing operations</u>	
	2002	2001
	£	£
Operating profit/(loss)	431,794	(19,657)
Depreciation charges	146,217	191,934
Loss on sale of tangible fixed assets	7,008	21,234
Decrease in debtors	364,147	257,752
Decrease in creditors	(683,161)	(1,027,723)
Net cash inflow/(outflow) from operating activities	<u>266,005</u>	<u>(576,460)</u>

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 30 SEPTEMBER 2002**17. Analysis of cash flows**

	2002 £	2001 £
<i>Returns on investments and servicing of finance</i>		
Investment income	5	-
Interest received	12,883	19,552
Interest paid (including interest element of hire purchase rentals)	(6,220)	(9,047)
Net cash inflow	<u>6,668</u>	<u>10,505</u>
<i>Taxation</i>		
UK corporation tax received/(paid)	<u>1,925</u>	<u>(131,860)</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(68,633)	(173,077)
Sale of tangible fixed assets	<u>490</u>	<u>17,706</u>
	(68,143)	(155,371)
<i>Dividends</i>		
Equity dividends paid	-	(84,000)
Net cash outflow	<u>(68,143)</u>	<u>(239,371)</u>
<i>Financing</i>		
Capital element of hire purchase rental payments	<u>(25,044)</u>	<u>(41,186)</u>

18. Analysis and reconciliation of net funds

	1 October 2001 £	Cash flow £	30 September 2002 £
Cash at bank and in hand	369,394	239,647	609,041
Overdrafts	-	(58,236)	(58,236)
Hire purchase agreements	(31,144)	25,044	(6,100)
Net funds	<u>338,250</u>	<u>206,455</u>	<u>544,705</u>
		2002 £	2001 £
Increase/(decrease) in cash in the year		181,411	(978,372)
Cash outflow resulting in decrease in debt & leasing finance		25,044	41,186
Movement in net funds in year		<u>206,455</u>	<u>(937,186)</u>
Net funds at beginning of year		338,250	1,275,436
Net funds at end of year		<u>544,705</u>	<u>338,250</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 SEPTEMBER 2002****19. Guarantees and other financial commitments***Lease commitments*

The Group leases premises on short and long term operating leases. In addition the Group has entered into operating leases in respect of plant and machinery, the payments for which extend over a period of up to one year. Lease rentals paid in the year are shown in Note 5. The minimum annual rentals under the foregoing leases are as follows:

	<u>Group and Company</u>			
	2002		2001	
	Property	Plant and	Property	Plant and
	£	machinery	£	machinery
		£		£
Operating leases which expire				
-between 2-5 years	101,000	-	101,000	22,460
-after 5 years	125,000	-	125,000	-
	<u>226,000</u>	<u>-</u>	<u>226,000</u>	<u>22,460</u>

20. Pension arrangements

The company maintains a defined contribution pension scheme. The scheme is open to all employees. The company makes a contribution equivalent to 5% (10% directors) of the employees' prior year salary and bonus, and employees can make additional contributions as they consider appropriate.

In addition the Company contributes to a separate scheme for Stephen Bampfylde.

The total pension cost for the year was £221,120 (2001: £300,554). Accrued pension costs at the year end were £nil (2001: £18,500).

21. Directors' material interests in contracts

During the year S J Bampfylde was a director of Bell McCaw Bampfylde Limited. Saxton Bampfylde Hever Plc employed the services of this company for total fees of £7,000 (2001: £1,200). Additionally, Saxton Bampfylde Hever Plc provided services for a total cost of £4,690 (2001: £8,300).