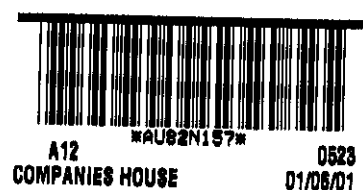


**BUSHBURY HOLDINGS LIMITED**

**Report and Financial Statements**

**31 December 2000**

**Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN**



**REPORT AND FINANCIAL STATEMENTS 2000**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M B Hughes (Chairman)  
B F Tinklin  
R Nicholls

**SECRETARY**

R Nicholls

**REGISTERED OFFICE**

PO Box 232  
Shaw Road  
Bushbury  
Wolverhampton  
WV10 9LA

**BANKERS**

HSBC Bank plc  
36 Bennetts Hill  
Birmingham  
B2 5RJ

Allied Irish Bank  
Stillorgan  
Co Dublin  
Ireland

**SOLICITORS**

Martineau Johnson  
St Philips House  
St Philips Place  
Birmingham  
B3 2PP

A & L Goodbody  
International Financial Services Centre  
North Wall Quay  
Dublin 1  
Ireland

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

**RESULTS**

The profit for the year on ordinary activities before taxation amounted to £113,071 (1999 - £8,071). The directors do not propose a dividend for the year (1999 - £Nil) and the retained profit for the year of £79,749 (1999 - £3,898) has been transferred to reserves.

**ACTIVITY**

Bushbury Holdings Limited is principally engaged in the provision of management consultancy services and is the parent company of the following subsidiaries:

- Eastfield Engineering Limited - engaged in the manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames
- Epstone Limited - invests in freehold property
- M.C. Air Filtration Limited - manufactures high efficiency air filters and associated equipment.
- Walkair Limited - distributes air conditioning and filtration products, is involved in the construction of clean rooms and controlled environments and provides installation, commissioning and maintenance services.

**REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The group's operating performance improved during the year despite difficult trading conditions in a number of its markets. The directors anticipate, subject to unforeseen circumstances, a further improved trading performance in 2001.

**TANGIBLE FIXED ASSETS**

A revaluation of the freehold land and buildings in accordance with FRS 15 was undertaken by Messrs Harrisons, Chartered Surveyors, resulting in a surplus of £120,000 against the previous valuation in 1995. This surplus was taken to revaluation reserve.

Details of changes are set out in note 10 of the financial statements.

**DIRECTORS**

The directors during the year, together with the interests of the directors at the end of the year, as defined by the Companies Act 1985, in the shares of the Company were as follows:

	At 31 December 2000	At 31 December 1999
M B Hughes (Chairman)	56,400	56,400
B F Tinklin	34,400	34,400
R Nicholls	6,700	6,700

The directors had no interest in the shares of other group companies.

Messrs M B Hughes, B F Tinklin and R Nicholls served throughout the year.

**DIRECTORS' REPORT**

**AUDITORS**

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

Approved by the Board of Directors  
and signed on behalf of the Board



R Nicholls

Secretary

Registered Office:

PO Box 232  
Shaw Road  
Bushbury  
Wolverhampton  
WV10 9LA

## **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 as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

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

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



## **AUDITORS' REPORT TO THE MEMBERS OF**

### **BUSHBURY HOLDINGS LIMITED**

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on page 12 and 13.

#### **Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte . Touche*

Chartered Accountants and Registered Auditors

*19 April 2001*

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2000**

	Note	2000 £	1999 £
<b>TURNOVER</b>	2	6,652,836	5,509,493
Cost of sales		(5,506,513)	(4,468,720)
		1,146,323	1,040,773
Distribution expenses		(439,520)	(412,369)
Administration expenses (including in 1999 exceptional item of £21,089)	4	(580,029)	(598,041)
<b>OPERATING PROFIT</b>	5	126,774	30,363
Interest receivable	6	2,932	1,695
Interest payable	7	(16,635)	(23,987)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		113,071	8,071
Tax on profit on ordinary activities	8	(33,322)	(4,173)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	19	79,749	3,898

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 2000**

	2000 £	1999 £
Profit for the financial year	79,749	3,898
Unrealised surplus on revaluation of properties	120,000	-
Currency translation differences on foreign currency net investments	2,579	(17,025)
<b>Total recognised gains and losses relating to the year</b>	202,328	(13,127)

All activities derive from continuing operations.

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the period is not given.

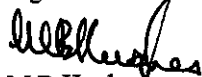


**CONSOLIDATED BALANCE SHEET**  
**31 December 2000**

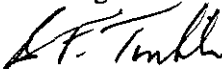
	Note	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Tangible assets	10		818,335		754,415
<b>CURRENT ASSETS</b>					
Stocks	12	610,545		725,614	
Debtors	13	1,204,933		1,378,554	
Cash at bank and in hand		52,457		2,350	
			<u>1,867,935</u>		<u>2,106,518</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(883,018)</u>		<u>(1,239,969)</u>	
<b>NET CURRENT ASSETS</b>			<u>984,917</u>		<u>866,549</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,803,252		1,620,964
<b>CREDITORS: amounts falling due after more than one year</b>	15		<u>(49,580)</u>		<u>(69,620)</u>
<b>TOTAL NET ASSETS</b>			<u>1,753,672</u>		<u>1,551,344</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		100,000		100,000
Capital redemption reserve	19		50,000		50,000
Revaluation reserve	19		132,086		12,306
Foreign exchange reserve	19		(45,303)		(47,882)
Profit and loss account	19		<u>1,516,889</u>		<u>1,436,920</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	20		<u>1,753,672</u>		<u>1,551,344</u>

These financial statements were approved by the Board of Directors on 10th April 2001

Signed on behalf of the Board of Directors



M B Hughes



B F Tinklin

Directors

BALANCE SHEET  
31 December 2000

	Note	£	2000 £	£	1999 £
<b>FIXED ASSETS</b>					
Tangible assets	10		18,502		1,023
Investments	11		420,021		420,021
			<u>438,523</u>		<u>421,044</u>
<b>CURRENT ASSETS</b>					
Debtors	13	72,693		84,210	
Cash at bank and in hand		16,931		102	
		<u>89,624</u>		<u>84,312</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(74,601)</u>		<u>(76,922)</u>	
<b>NET CURRENT ASSETS</b>			<u>15,023</u>		<u>7,390</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>453,546</u>		<u>428,434</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		100,000		100,000
Capital redemption reserve	19		50,000		50,000
Profit and loss account	19		303,546		278,434
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>453,546</u>		<u>428,434</u>

These financial statements were approved by the Board of Directors on *10th April 2001*

Signed on behalf of the Board of Directors

*M B Hughes*

M B Hughes

*B F Tinklin*

B F Tinklin

Directors

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2000**

	Note	2000 £	1999 £
Cash inflow/(outflow) from operating activities	(i)	455,476	(132,124)
Returns on investments and servicing of finance	(ii)	(13,703)	(22,292)
Taxation		(11,036)	(49,861)
Capital expenditure and financial investment	(ii)	(66,489)	(85,880)
Cash inflow/(outflow) before use of liquid resources and financing		364,248	(290,157)
Financing	(ii)	(20,040)	(170,040)
Increase/(decrease) in cash in the year		<u>344,208</u>	<u>(460,197)</u>

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Reconciliation of net cash flow to movement in net debt	(iii)	2000 £	1999 £
Increase/(decrease) in cash in the year		344,208	(460,197)
Cash outflow from decrease in debt		<u>20,040</u>	<u>170,040</u>
Change in net debt resulting from cash flows		364,248	(290,157)
Net debt at 1 January 2000		<u>(381,411)</u>	<u>(91,254)</u>
Net debt at 31 December 2000		<u>(17,163)</u>	<u>(381,411)</u>

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2000

## (i) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2000 £	1999 £
Operating profit	126,774	30,363
Depreciation	123,212	128,186
Decrease/(increase) in stocks	115,069	(93,594)
Decrease/(increase) in debtors	173,621	(409,291)
(Decrease)/increase in creditors	(83,200)	212,212
<b>Net cash inflow/(outflow) from operating activities</b>	<b>455,476</b>	<b>(132,124)</b>

## (ii) ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000 £	1999 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,932	1,695
Interest paid	(16,635)	(23,987)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(13,703)</b>	<b>(22,292)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(74,241)	(96,632)
Sale of tangible fixed assets	7,752	10,752
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(66,489)</b>	<b>(85,880)</b>
<b>Financing</b>		
Repayment of other loan	-	(150,000)
Repayment of bank loan	(20,040)	(20,040)
<b>Net cash outflow from financing</b>	<b>(20,040)</b>	<b>(170,040)</b>

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2000**

**(iii) MOVEMENT IN NET DEBT**

	At 1 Jan 2000 £	Cash flow £	At 31 Dec 2000 £
Cash in hand and at bank	2,350	50,107	52,457
Bank overdrafts	(294,101)	294,101	-
		<u>344,208</u>	
Bank loan	<u>(89,660)</u>	<u>20,040</u>	<u>(69,620)</u>
	<u>(381,411)</u>	<u>364,248</u>	<u>(17,163)</u>

**NOTES TO THE ACCOUNTS****Year ended 31 December 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

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

**Consolidation**

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

**Acquisitions**

On the acquisition of a business, fair values are attributed to the group's share of net separable assets. Where the costs of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill. Prior to 31 December 1998 this was written off directly to reserves in the year of acquisition as a matter of accounting policy. For all years after (and including) 31 December 1998, this goodwill will be capitalised and amortised over its useful economic life.

**Exchange rates**

Balances denominated in foreign currencies have been translated into sterling at the rates ruling at the balance sheet date. Realised exchange differences in the course of trading have been taken to the profit and loss account.

**Depreciation on fixed assets**

Depreciation is provided on a straight line basis, to write off the assets concerned over their estimated useful lives, at the following annual rates:

Freehold land	Nil
Freehold buildings	2.5%
Short leasehold land and buildings	Over life of lease
Plant and machinery	10% - 50%

**Stocks**

Stocks, including work-in-progress, are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and an appropriate proportion of overheads.

**Leased assets**

Where fixed assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The rentals payable are apportioned between interest, which is charged to profit and loss account, and capital, which reduces the outstanding obligation.

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

**Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

## 1. ACCOUNTING POLICIES (continued)

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**Pension costs**

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

## 2. ANALYSES OF TURNOVER

	2000 £	1999 £
<b>Geographical analysis by location</b>		
United Kingdom	3,667,941	3,324,063
Republic of Ireland	2,984,895	2,185,430
	<u>6,652,836</u>	<u>5,509,493</u>
<b>Geographical analysis of turnover by destination</b>		
United Kingdom	3,734,661	3,285,274
Other European countries	2,915,177	2,219,998
Rest of world	2,998	4,221
	<u>6,652,836</u>	<u>5,509,493</u>

## 3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES

	2000 £	1999 £
<b>Directors' emoluments</b>		
Other remuneration	179,694	170,426
Pension contributions	48,347	43,872
	<u>228,041</u>	<u>214,298</u>
	No	No
Number of directors who are members of defined benefit pension schemes	<u>3</u>	<u>3</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

## 3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES (continued)

	2000	1999
	No	No
Average number of persons employed		
Production staff	77	73
Sales and distribution staff	10	11
Administrative staff	9	8
	<u>96</u>	<u>92</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,610,723	1,511,393
Social security costs	152,701	140,293
Other pension costs	170,169	140,174
	<u>1,933,593</u>	<u>1,791,860</u>

## 4. EXCEPTIONAL ITEM

	2000	1999
	£	£
Realised exchange loss on inter company loan account	<u>-</u>	<u>21,089</u>

## 5. OPERATING PROFIT

The operating profit is arrived at after taking into account the following items:	2000	1999
	£	£
Depreciation		
Assets owned	119,474	122,808
Assets held under finance leases	3,738	5,378
Rentals under operating leases		
Hire of plant and equipment	12,122	12,108
Other operating leases	64,966	64,729
Auditors' remuneration		
Audit services	19,842	18,283
Non audit services	4,050	3,906

## 6. INTEREST RECEIVABLE

	2000	1999
	£	£
Bank interest receivable	2,759	-
Other interest	173	487
Corporation tax repayment	-	1,208
	<u>2,932</u>	<u>1,695</u>



NOTES TO THE ACCOUNTS  
Year ended 31 December 2000

## 7. INTEREST PAYABLE

	2000 £	1999 £
Bank loans, overdrafts and other loans repayable within five years	<u>16,635</u>	<u>23,987</u>

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Tax charge on profit for the year		
UK corporation tax at 30% (1999 – 30%)	-	(1,464)
Republic of Ireland corporation tax at 25%	32,721	10,328
Adjustment in respect of previous year	601	(4,691)
	<u>33,322</u>	<u>4,173</u>

9. PROFIT FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF  
BUSHBURY HOLDINGS LIMITED

	2000 £	1999 £
Profits dealt with in the accounts of the parent company	<u>25,112</u>	<u>44,646</u>

The Company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not provided.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2000**

**10. TANGIBLE FIXED ASSETS**

<b>The Group</b>	<b>Freehold land and buildings £</b>	<b>Short leasehold land and buildings £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2000	400,000	206,511	1,244,959	1,851,470
Foreign exchange translation differences	-	-	1,332	1,332
Adjustment arising on revaluation	95,000	-	-	95,000
Additions	-	-	74,241	74,241
Disposals	-	(4,571)	(109,217)	(113,788)
<b>At 31 December 2000</b>	<b>495,000</b>	<b>201,940</b>	<b>1,211,315</b>	<b>1,908,255</b>
<b>Accumulated depreciation</b>				
At 1 January 2000	20,000	163,104	913,951	1,097,055
Foreign exchange translation differences	-	-	689	689
Adjustment arising on revaluation	(25,000)	-	-	(25,000)
Charge for year	5,000	5,867	112,345	123,212
Disposals	-	(4,571)	(101,465)	(106,036)
<b>At 31 December 2000</b>	<b>-</b>	<b>164,400</b>	<b>924,831</b>	<b>1,089,920</b>
<b>Net book value</b>				
At 31 December 2000	495,000	37,540	285,795	818,335
At 31 December 1999	380,000	43,407	331,008	754,415

Comparable amounts determined according to the historical cost convention: £

Cost	406,826
Accumulated depreciation	(48,308)

<b>Net book value</b>	
At 31 December 2000	358,518
At 31 December 1999	363,298

The value of freehold land not depreciated is £250,000.

The freehold land and buildings were valued as at 31 December 2000 by Messrs Harrisons, Chartered Surveyors, who are independent of the company. In their opinion the open market value for the existing use at that time was £495,000 as compared with the net book value amount of £375,000 at 31 December 2000. The valuation has been incorporated in the balance sheet at 31 December 2000 and the surplus arising on revaluation taken to revaluation reserve.

The net book value of the group's fixed assets includes £208 (1999 - £3,946) in respect of assets held under finance leases.

NOTES TO THE ACCOUNTS  
Year ended 31 December 2000

## 10. TANGIBLE FIXED ASSETS (continued)

The Company	Plant and machinery £
<b>Cost</b>	
At 1 January 2000	19,987
Additions	22,000
Disposals	(18,800)
At 31 December 2000	23,187
<b>Accumulated depreciation</b>	
At 1 January 2000	18,964
Charge for year	21
Disposals	(14,300)
At 31 December 2000	4,685
<b>Net book value</b>	
At 31 December 2000	18,502
At 31 December 1999	1,023

## 11. INVESTMENTS HELD AS FIXED ASSETS

Shares in subsidiary companies		£
<b>At cost</b>		
At 1 January 2000 and 31 December 2000		420,021
Name	Principal activity	Proportion of ordinary shares held
Eastfield Engineering Limited	Manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames	100%
M.C. Air Filtration Limited	Manufacture of high efficiency air filters and associated equipment	100%
Epstone Limited	Investment in freehold property	100%
Walkair Limited	Distribution of air conditioning and filtration products, the construction of clean rooms and controlled environments and the provision of installation, commissioning and maintenance services	100%

All of the companies except Walkair Limited were incorporated and registered in England and Wales. Walkair Limited is incorporated and registered in the Republic of Ireland.

NOTES TO THE ACCOUNTS  
Year ended 31 December 2000

## 12. STOCKS

	Group	
	2000	1999
	£	£
Raw materials and components	379,649	417,463
Work in progress	63,057	122,837
Finished goods	167,839	185,314
	<u>610,545</u>	<u>725,614</u>

## 13. DEBTORS

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	1,179,276	1,339,784	-	-
Amount due from subsidiary companies	-	-	72,693	83,535
Corporation tax	1,464	1,464	-	-
Other debtors	209	543	-	-
Prepayments and accrued income	23,984	36,763	-	675
	<u>1,204,933</u>	<u>1,378,554</u>	<u>72,693</u>	<u>84,210</u>

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank overdraft (note 16)	-	294,101	-	4,381
Bank loan (note 16)	20,040	20,040	-	-
Trade creditors	528,612	621,205	1,514	8,636
Amount due to subsidiaries	-	-	45,005	44,646
Payroll and other taxes including social security	174,487	201,362	15,252	12,599
Other creditors	28,688	20,824	5,936	-
Accruals and deferred income	131,191	82,437	6,894	6,660
	<u>883,018</u>	<u>1,239,969</u>	<u>74,601</u>	<u>76,922</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 2000

## 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loan (note 16)	49,580	69,620	-	-

## 16. BORROWINGS

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank overdraft	-	294,101	-	4,381
Bank loans	69,620	89,660	-	-
	69,620	383,761	-	4,381
Due within one year	20,040	314,141	-	4,381
Due after more than one year	49,580	69,620	-	-
	69,620	383,761	-	4,381

## Analysis of loan repayments:

Bank overdraft				
In one year or less or on demand	-	294,101	-	4,381
Bank loans				
In one year or less or on demand	20,040	20,040	-	-
In more than one year but not more than two years	20,040	20,040	-	-
In more than two years but not more than five years	29,540	49,580	-	-
	69,620	383,761	-	4,381

The bank loan is secured by fixed and floating charges over the group's property and other assets and is subject to an interest rate of base rate plus 2.75%.

The company is party to a multilateral guarantee securing the bank overdraft and borrowings of other group companies, together with a guarantee in respect of a subsidiary company's overdraft. Its maximum potential liability in relation to these guarantees at 31 December 2000 was £46,195 (1999 - £379,380).

NOTES TO THE ACCOUNTS  
Year ended 31 December 2000

## 17. PROVISIONS FOR LIABILITIES AND CHARGES

The potential amounts of deferred taxation not provided in the accounts are:

	2000 £	1999 £
Accelerated capital allowances	(225)	(1,922)
Total potential liability	<u>(225)</u>	<u>(1,922)</u>

## 18. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised: Ordinary shares of £1 each	<u>160,000</u>	<u>160,000</u>
Allotted and fully paid: Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

## 19. RESERVES

	Capital redemption reserve £	Revaluation reserve £	Foreign exchange reserve £	Profit and loss account £
<b>The Group</b>				
Balance at 1 January 2000	50,000	12,306	(47,882)	1,436,920
Retained profit for the year	-	-	-	79,749
Foreign exchange translation differences	-	-	2,579	-
Transfer of amount equivalent to additional depreciation on revalued assets	-	(220)	-	220
Surplus on revaluation of land and buildings	-	120,000	-	-
Balance at 31 December 2000	<u>50,000</u>	<u>132,086</u>	<u>(45,303)</u>	<u>1,516,889</u>
<b>The Company</b>				
Balance at 1 January 2000	50,000	-	-	278,434
Retained profit for the year	-	-	-	25,112
Balance at 31 December 2000	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>303,546</u>

The cumulative amount of goodwill eliminated against reserves prior to 31 December 1998 is £20,862.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

## 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	79,749	3,898
Other recognised gains and losses relating to the year	2,579	(17,025)
Surplus on revaluation of land and buildings	120,000	-
Net addition to/(reduction in) shareholders' funds	202,328	(13,127)
Opening shareholders' funds	1,551,344	1,564,471
Closing shareholders' funds	1,753,672	1,551,344

## 21. FINANCIAL COMMITMENTS

## Operating lease commitments

At 31 December 2000, the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	2000 £	1999 £
In respect of commitments that expire:		
After five years	64,996	64,729

## Capital commitments

The group has contracts for capital expenditure on hand amounting to £22,174 (1999 - £Nil).

The company had capital commitments at 31 December 1999 of £Nil (1999 - £Nil).

## 22. PENSION COSTS

The group operates a defined benefit pension scheme, the assets of which are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary, the most recent valuation being at 6 April 1999.

The pension charge for the year was £170,169 (1999 - £140,174).

The most recent actuarial valuation showed that, at 6 April 1999, the scheme had a past service shortfall of £124,000 which is being cleared by payments at a rate of £3,900 to bring the funding level back to 100% by April 2003. The market value of the scheme's assets at that date was £3,605,184. The actuarial valuation was carried out on the basis of the projected unit costing method and the assumptions used comprised an assumed rate of investment return of 7% per annum and a rate of increase of pensionable earnings of 4.5%.

## 23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" not to disclose transactions with other wholly owned companies in the group.