

BUSHBURY HOLDINGS LIMITED

Report and Financial Statements

31 December 2003



BUSHBURY HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
<i>Consolidated profit and loss account</i>	6
<i>Statement of total recognised gains and losses</i>	6
Consolidated balance sheet	7
Balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	9

BUSHBURY HOLDINGS LIMITED

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
22-24 Colmore Row
Birmingham
B3 2QD

Allied Irish Banks plc
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 LLP
Chartered Accountants
Birmingham

BUSHBURY HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

RESULTS

The profit for the year on ordinary activities before taxation amounted to £700,429 (2002 – loss £84,042). The directors do not propose a dividend for the year (2002 - £Nil) and the retained profit for the year of £568,827 (2002 – loss £37,419) 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;
- MC 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 recorded an excellent trading performance in 2003. With orders on hand at 31 December 2003 remaining at substantial levels, the directors anticipate, subject to unforeseen circumstances, a further profitable year during 2004.

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 2003	At 31 December 2002
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.

BUSHBURY HOLDINGS LIMITED

DIRECTORS' REPORT

AUDITORS

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

Deloitte & Touche LLP 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

United Kingdom 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUSHBURY HOLDINGS LIMITED

We have audited the financial statements of Bushbury Holdings Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for the report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report 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 and other members of the group is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

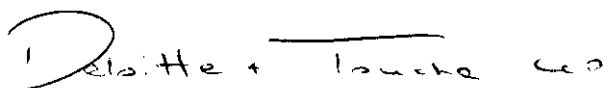
Basis of audit opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2003 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 LLP
Chartered Accountants and Registered Auditors
Birmingham

21 May 2004

BUSHBURY HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

	Note	2003 £	2002 £
TURNOVER	2	8,117,170	5,081,951
Cost of sales		(6,069,797)	(3,971,372)
		<u>2,047,373</u>	<u>1,110,579</u>
Distribution expenses		(559,760)	(516,524)
Administration expenses		(769,790)	(646,759)
OPERATING PROFIT/(LOSS)	4	<u>717,823</u>	<u>(52,704)</u>
Interest receivable	5	1,653	-
Interest payable	6	(19,047)	(31,338)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>700,429</u>	<u>(84,042)</u>
Tax on profit/(loss) on ordinary activities	7	(131,602)	46,623
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	18	<u><u>568,827</u></u>	<u><u>(37,419)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2003

	2003 £	2002 £
Profit/(loss) for the financial year	568,827	(37,419)
Unrealised surplus on revaluation of properties	-	117,250
Currency translation differences on foreign currency net investments	23,854	17,767
Total recognised gains and losses relating to the year	<u><u>592,681</u></u>	<u><u>97,598</u></u>

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.

BUSHBURY HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2003

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible assets	9		790,839		813,565
CURRENT ASSETS					
Stocks	11	709,503		676,259	
Debtors	12	1,296,963		1,467,316	
Cash at bank and in hand		393,875		2,165	
		2,400,341		2,145,740	
CREDITORS: amounts falling due within one year	13	(1,128,937)		(1,480,243)	
NET CURRENT ASSETS			1,271,404		665,497
TOTAL ASSETS LESS CURRENT LIABILITIES			2,062,243		1,479,062
CREDITORS: amounts falling due after more than one year	14		-		(9,500)
TOTAL NET ASSETS			2,062,243		1,469,562
CAPITAL AND RESERVES					
Called up share capital	17		100,000		100,000
Capital redemption reserve	18		50,000		50,000
Revaluation reserve	18		242,829		245,958
Foreign exchange reserve	18		(12,718)		(36,572)
Profit and loss account	18		1,682,132		1,110,176
EQUITY SHAREHOLDERS' FUNDS	19		2,062,243		1,469,562

These financial statements were approved by the Board of Directors on 14 May 2004

Signed on behalf of the Board of Directors


M B HUGHES


R NICHOLLS

Directors

BUSHBURY HOLDINGS LIMITED

BALANCE SHEET 31 December 2003

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible assets	9		-		-
Investments	10		420,021		420,021
			<u>420,021</u>		<u>420,021</u>
CURRENT ASSETS					
Debtors	12	142,309		83,322	
Cash at bank and in hand		112,521		70,784	
		<u>254,830</u>		<u>154,106</u>	
CREDITORS: amounts falling due within one year	13	(88,039)		(82,635)	
NET CURRENT ASSETS			<u>166,791</u>		<u>71,471</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>586,812</u>		<u>491,492</u>
CAPITAL AND RESERVES					
Called up share capital	17		100,000		100,000
Capital redemption reserve	18		50,000		50,000
Profit and loss account	18		436,812		341,492
EQUITY SHAREHOLDERS' FUNDS			<u>586,812</u>		<u>491,492</u>

These financial statements were approved by the Board of Directors on 14th May 2004

Signed on behalf of the Board of Directors


M B HUGHES


R NICHOLLS

Directors

BUSHBURY HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 December 2003

	Note	2003 £	2002 £
Cash inflow/(outflow) from operating activities	20	876,192	(208,088)
Returns on investments and servicing of finance	21	(17,394)	(31,338)
Taxation		(4,319)	15,636
Capital expenditure and financial investment	21	(65,084)	(5,073)
Cash inflow/(outflow) before use of liquid resources and financing		789,395	(228,863)
Financing	21	(20,040)	(20,040)
Increase/(decrease) in cash in the year		<u>769,355</u>	<u>(248,903)</u>

Reconciliation of net cash flow to movement in net debt	22	2003 £	2002 £
Increase/(decrease) in cash in the year		769,355	(248,903)
Cash outflow from decrease in debt		<u>20,040</u>	<u>20,040</u>
Change in net debt resulting from cash flows		789,395	(228,863)
Net debt at 1 January 2003		<u>(487,673)</u>	<u>(258,810)</u>
Net funds/(debt) at 31 December 2003		<u>301,722</u>	<u>(487,673)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

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.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the differences arising from the translation of the opening net investment in subsidiaries at the closing rate are taken directly to reserves.

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 FINANCIAL STATEMENTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred tax is 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 taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from revaluations of fixed assets where there is no binding contract to dispose of those assets.

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.

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

	2003	2002
	£	£
Geographical analysis by location		
United Kingdom	5,236,226	2,719,393
Republic of Ireland	2,880,944	2,362,558
	<u>8,117,170</u>	<u>5,081,951</u>
Geographical analysis of turnover by destination		
United Kingdom	5,022,161	2,669,305
Other European countries	2,957,518	2,403,511
Rest of world	137,491	9,135
	<u>8,117,170</u>	<u>5,081,951</u>

3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES

	2003	2002
	£	£
Directors' emoluments		
Other remuneration	112,820	111,916
Pension contributions	1,800	22,086
	<u>114,620</u>	<u>134,002</u>
		No
Number of directors who are members of defined benefit pension schemes	<u>2</u>	<u>2</u>

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES (continued)

	2003 No	2002 No
Average number of persons employed		
Production staff	63	59
Sales and distribution staff	11	11
Administrative staff	9	8
	<u>83</u>	<u>78</u>
		£
Staff costs during the year (including directors)		
Wages and salaries	1,593,373	1,327,506
Social security costs	159,518	121,245
Other pension costs	233,932	192,473
	<u>1,986,823</u>	<u>1,641,224</u>

4. OPERATING PROFIT/(LOSS)

	2003 £	2002 £
The operating profit/(loss) is after charging:		
Depreciation		
Assets owned	90,964	117,280
Rentals under operating leases		
Hire of plant and equipment	17,400	11,458
Other operating leases	92,588	85,011
Auditors' remuneration		
Audit services	22,455	21,180
Non audit services	5,052	4,559
	<u></u>	<u></u>

5. INTEREST RECEIVABLE

	2003 £	2002 £
Bank interest receivable	<u>1,653</u>	<u>-</u>

6. INTEREST PAYABLE

	2003 £	2002 £
Bank loans, overdrafts and other loans repayable within five years	<u>19,047</u>	<u>31,338</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2003 £	2002 £
Tax charge/(credit) for the year comprises:		
Current taxation		
Corporation Tax	82,482	-
Republic of Ireland Corporation Tax at 12.5% (2002 – 12.5%)	4,116	3,015
Adjustment in respect of prior years	-	985
Total current tax	86,598	4,000
Deferred taxation		
Origination and reversal of timing differences	71,738	(15,109)
Adjustments to the estimated recoverable amounts of deferred tax assets arising in previous periods	34,903	(35,514)
Adjustment in respect of prior years	(61,637)	-
Total deferred tax	45,004	(50,623)
Tax charge/(credit) on profit/(loss) on ordinary activities	131,602	(46,623)

Factors affecting credit for the year

Profit/(loss) on ordinary activities before tax	700,429	(84,042)
Tax (charge)/credit on ordinary activities at standard rate of 20.7% (2002 – 19.0%)	(144,880)	15,968
Expenses not deductible for tax purposes	(4,928)	(1,897)
Capital allowances in excess of depreciation	1,532	(3,903)
Utilisation of tax losses	69,959	(12,836)
Movement in short term timing differences	294	(824)
Marginal relief	(9,303)	-
Rate differences on current tax	728	477
Adjustments in respect of prior years	-	(985)
Total current tax	(86,598)	4,000

Factors that may affect future tax charges

A deferred tax asset has not been recognised in respect of timing differences relating to certain trading and capital losses and other short term timing differences. The amount of the asset not recognised is £58,000. The asset would be recovered if these losses could be utilised going forward.

Deferred tax has not been provided on the revaluation of fixed assets. This tax will only become payable if the assets are sold at a future date.

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

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

	2003 £	2002 £
Profits dealt with in the accounts of the parent company	95,320	19,191

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.

9. TANGIBLE FIXED ASSETS

The Group	Freehold land and buildings £	Short leasehold land and buildings £	Plant and machinery £	Total £
Cost or valuation				
At 1 January 2003	600,000	206,298	1,217,256	2,023,554
Foreign exchange translation differences	-	-	13,225	13,225
Additions	-	-	69,243	69,243
Disposals	-	-	(81,529)	(81,529)
At 31 December 2003	600,000	206,298	1,218,195	2,024,493
Accumulated depreciation				
At 1 January 2003	-	170,284	1,039,705	1,209,989
Foreign exchange translation differences	-	-	10,071	10,071
Charge for year	7,500	7,408	76,056	90,964
Disposals	-	-	(77,370)	(77,370)
At 31 December 2003	7,500	177,692	1,048,462	1,233,654
Net book value				
At 31 December 2003	592,500	28,606	169,733	790,839
At 31 December 2002	600,000	36,014	177,551	813,565

Comparable amounts determined according to the historical cost convention:

	£
Freehold land and buildings	
Cost	406,826
Accumulated depreciation	61,551
Net book value	
At 31 December 2003	345,275
At 31 December 2002	349,646

The value of freehold land not depreciated is £300,000.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

9. TANGIBLE FIXED ASSETS (continued)

The freehold land and buildings were valued as at 26 September 2002 by Messrs Harrison, Chartered Surveyors, who are independent of the company. In their opinion the open market value for the existing use at that time was £600,000 as compared with the net book value amount of £482,750. The valuation was incorporated in the balance sheet at 31 December 2002 and the surplus arising on revaluation taken to revaluation reserve. A review of the freehold land and buildings valuation in accordance with FRS 15 was undertaken by the directors at 31 December 2003. No change to the valuation was required.

The Company	Plant and machinery £
Cost	
At 1 January and 31 December 2003	1,187
Accumulated depreciation	
At 1 January and 31 December 2003	1,187
Net book value	
At 31 December 2003	-
At 31 December 2002	-

10. INVESTMENTS HELD AS FIXED ASSETS

Shares in subsidiary companies	£
At cost	
At 1 January 2002 and 31 December 2003	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.

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

11. STOCKS

	Group	
	2003	2002
	£	£
Raw materials and components	436,357	348,801
Work in progress	193,029	128,539
Finished goods	80,117	198,919
	<u>709,503</u>	<u>676,259</u>

12. DEBTORS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	1,263,079	1,384,568	-	-
Amount due from subsidiary companies	-	-	83,233	83,022
Other debtors	459	1,190	-	-
Prepayments and accrued income	27,806	30,935	-	300
Deferred tax asset (note 16)	5,619	50,623	-	-
Dividends receivable	-	-	59,076	-
	<u>1,296,963</u>	<u>1,467,316</u>	<u>142,309</u>	<u>83,322</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank overdraft (note 15)	82,653	460,298	-	-
Bank loan (note 15)	9,500	20,040	-	-
Trade creditors	593,831	489,185	3,529	15,966
Amount due to subsidiaries	-	-	43,188	42,785
Corporation tax	85,295	-	8,027	-
Other taxes including social security	174,757	195,118	16,645	10,130
Other creditors	11,984	23,247	-	6,417
Accruals and deferred income	170,917	292,355	16,650	7,337
	<u>1,128,937</u>	<u>1,480,243</u>	<u>88,039</u>	<u>82,635</u>

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loan (note 15)	-	9,500	-	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

15. BORROWINGS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank overdraft	82,653	460,298	-	-
Bank loans	9,500	29,540	-	-
	<u>92,153</u>	<u>489,838</u>	<u>-</u>	<u>-</u>
Due within one year	92,153	480,338	-	-
Due after more than one year	-	9,500	-	-
	<u>92,153</u>	<u>489,838</u>	<u>-</u>	<u>-</u>
Analysis of loan repayments:				
Bank overdraft				
In one year or less or on demand	82,653	460,298	-	-
Bank loans				
In one year or less or on demand	9,500	20,040	-	-
In more than one year but not more than two years	-	9,500	-	-
	<u>92,153</u>	<u>489,838</u>	<u>-</u>	<u>-</u>

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 1.75%.

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 2003 was £82,653 (2002 -£530,840).

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2003

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Group £	Company £
Deferred taxation asset		
Balance at 1 January 2003	(50,623)	-
Profit and loss account charge	45,004	-
	<hr/>	<hr/>
Balance at 31 December 2003	(5,619)	-
	<hr/>	<hr/>

The amounts provided in the accounts and the amounts not provided are as follows:

Group	Provided 2003 £	Provided 2002 £	Not Provided 2003 £	Not Provided 2002 £
Depreciation in advance of capital allowances	3,275	2,154	-	2,503
Revenue losses	-	47,657	3,956	26,729
Capital losses	-	-	27,219	27,219
Other short term timing differences	2,344	812	-	1,615
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax asset	5,619	50,623	31,175	58,066
	<hr/>	<hr/>	<hr/>	<hr/>

Company

	Provided 2003 £	Provided 2002 £	Not Provided 2003 £	Not Provided 2002 £
Depreciation in advance of capital allowances	-	-	-	67
Capital losses	-	-	14,508	14,508
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax asset	-	-	14,508	14,575
	<hr/>	<hr/>	<hr/>	<hr/>

17. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised:		
160,000 Ordinary shares of £1 each	160,000	160,000
	<hr/>	<hr/>
Allotted and fully paid:		
100,000 Ordinary shares of £1 each	100,000	100,000
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

18. RESERVES

	Capital redemption reserve £	Revaluation reserve £	Foreign Exchange reserve £	Profit and loss account £
The Group				
Balance at 1 January 2003	50,000	245,958	(36,572)	1,110,176
Retained profit for the year	-	-	-	568,827
Foreign exchange translation differences	-	-	23,854	-
Transfer of amount equivalent to additional depreciation on revalued assets	-	(3,129)	-	3,129
	<u>50,000</u>	<u>242,829</u>	<u>(12,718)</u>	<u>1,682,132</u>
Balance at 31 December 2003	50,000	242,829	(12,718)	1,682,132
The Company				
Balance at 1 January 2003	50,000	-	-	341,492
Retained profit for the year	-	-	-	95,320
	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>436,812</u>
Balance at 31 December 2003	50,000	-	-	436,812

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

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
The Group		
Profit/(loss) for the financial year	568,827	(37,419)
Other recognised gains and losses relating to the year	23,854	17,767
Surplus on revaluation of land and buildings	-	117,250
	<u>592,681</u>	<u>97,598</u>
Net addition to shareholders' funds	592,681	97,598
Opening shareholders' funds	1,469,562	1,371,964
Closing shareholders' funds	<u>2,062,243</u>	<u>1,469,562</u>

20. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO OPERATING CASH FLOWS

	2003 £	2002 £
Operating profit/(loss)	717,823	(52,704)
Depreciation	90,964	117,280
(Increase)/decrease in stocks	(33,244)	49,943
Decrease/(increase) in debtors	125,349	(483,964)
(Decrease)/increase in creditors	(24,700)	161,357
	<u>876,192</u>	<u>(208,088)</u>
Net cash inflow/(outflow) from operating activities	876,192	(208,088)

BUSHBURY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	1,653	-
Interest paid	(19,047)	(31,338)
Net cash outflow for returns on investments and servicing of finance	<u>(17,394)</u>	<u>(31,338)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(69,243)	(16,578)
Sale of tangible fixed assets	4,159	11,505
Net cash outflow for capital expenditure and financial investment	<u>(65,084)</u>	<u>(5,073)</u>
Financing		
Repayment of bank loan	(20,040)	(20,040)
Net cash outflow from financing	<u>(20,040)</u>	<u>(20,040)</u>

22. MOVEMENT IN NET DEBT

	At 1 Jan 2003 £	Cash flow £	Other non-cash changes £	At 31 Dec 2003 £
Cash in hand and at bank	2,165	391,710		393,875
Bank overdrafts	(460,298)	377,645		(82,653)
		<u>769,355</u>		
Debt due after one year	(9,500)	-	9,500	-
Debt due within one year	(20,040)	20,040	(9,500)	(9,500)
	<u>(487,673)</u>	<u>789,395</u>	<u>-</u>	<u>301,722</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

23. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 December 2003, the group was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	2003	2002
	£	£
In respect of commitments that expire:		
After five years	92,588	89,199

Capital commitments

The group has contracts for capital expenditure on hand amounting to £Nil (2002 - £Nil). The company had capital commitments at 31 December 2003 of £Nil (2002 - £Nil).

24. 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 5 April 2002. The pension charge for the year was £233,932 (2001 -£192,473).

The most recent actuarial valuation showed that, at 5 April 2002, the scheme had a past service shortfall of £624,000 which is being cleared by payments at a rate of £172,200 per annum to bring the funding level back to 100% by April 2013. The market value of the scheme's assets at that date was £3,651,000. 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 7.25% per annum and a rate of increase of pensionable earnings of 2.75%.

As required by SSAP24, the figures included in the accounts in respect of the company pension scheme are based on an actuarial valuation carried out at 5 April 2002. This does not take into account any impact of the fall in general stock market values since that date. Any such impact will be reflected in the next SSAP 24 triennial valuation as at 5 April 2005 based upon which subsequent pension costs will be determined until the adoption of FRS 17.

The following FRS 17 valuation was performed at 31 December 2003 and so does include the recent effects of deteriorating market conditions.

FRS 17

The transitional disclosure requirements of FRS 17 Retirement Benefits continue to apply this year.

The full actuarial valuation carried out at 5 April 2002 was updated to 31 December 2003 by a qualified independent actuary. The Projected Unit valuation method has been used.

The major financial assumptions used by the actuary at 31 December 2003 were (in nominal terms):

	2003	2002	2001
	% pa	% pa	% pa
Rate of increase in salaries	-	3.35	3.50
Rate of increase in pensions in payment	2.80	2.35	2.50
Discount rate	5.35	5.50	6.25
Inflation assumption	2.80	2.35	2.50

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

24. PENSION COSTS (continued)

The assets in the scheme and the expected rates of return were:

	31 December 2003		31 December 2002		31 December 2001	
	Long term expected rate of return %	Value £000	Long term expected rate of return %	Value £000	Long term expected rate of return %	Value £000
Equities and Property	7.80	2,828	6.70	2,275	7.20	2,729
Gilts	4.80	377	3.70	243	4.20	550
Bonds	5.35	112	4.70	306	5.45	44
Cash	3.75	133	3.00	110	3.20	191
Total market value of assets		3,450		2,934		3,514
Present value of liabilities		(5,044)		(4,592)		(3,774)
Deficit in the scheme		(1,594)		(1,658)		(260)
Related deferred tax asset		332		332		52
Net pension liability		<u>(1,262)</u>		<u>(1,326)</u>		<u>(208)</u>

The amount charged to profit, and amount charged to other finance income, under FRS17 accounting for pensions would be:

Analysis of the amount which would have been charged to operating profit is as follows:	2003 £'000	2002 £'000
Current service cost	9	(66)
Past service cost	-	-
Total operating cost	<u>9</u>	<u>(66)</u>
Analysis of the amount which would have been charged to other finance income is as follows:		
Interest on pension scheme liabilities	(248)	(235)
Expected return on pension scheme assets	178	230
Total finance cost	<u>(70)</u>	<u>(5)</u>
Analysis of the amount which would have been recognised in the Statement of Total Recognised Gains and Losses is as follows:		
Actual return less expected return on pension scheme assets	357	(857)
Experience gains arising on pension scheme liabilities	(14)	(63)
Changes in financial assumptions underlying pension scheme liabilities	(346)	(550)
Actuarial loss recognised in the statement of total recognised gains and losses	<u>(3)</u>	<u>(1,465)</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

24. PENSION COSTS (continued)

	2003 £'000	2002 £'000
Movements in deficit during the year		
Deficit in schemes at 1 January 2003	(1,658)	(260)
Current service cost	(9)	(66)
Employers' contributions received	146	138
Other finance costs	(70)	(5)
Actuarial loss	(3)	(1,465)
	<u>(1,594)</u>	<u>(1,658)</u>
History of experience gains and losses		
Difference between the expected and actual return on scheme assets:		
Amount	357	(852)
Percentage of scheme assets as at 31 December 2003	10%	29%
Experience gains on scheme liabilities		
Amount	(14)	(63)
Percentage of scheme liabilities as at 31 December 2003	<1%	1%
Total amount recognised in statement of total recognised gains and losses		
Amount	(3)	(1,465)
Percentage of scheme liabilities as at 31 December 2003	<1%	32%

25 CONTROLLING PARTY

The company is ultimately controlled by Mr M B Hughes, Chairman, who owns 56.4% of the share capital.