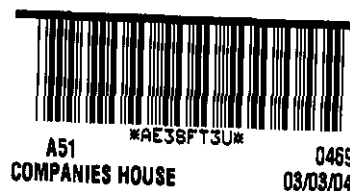


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**DEANESTOR LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2003**

**Company Registration Number 02946819**



**Blueprint Audit Limited**  
Chartered Accountants Registered Auditor  
Charnwood House  
Gregory Boulevard  
Nottingham  
NG7 6NX

**DEANESTOR LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

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**DEANESTOR LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

---

**The board of directors**

Mr L McG Taylor  
Mr P Stevenson  
Mr A Booth  
Mr R B Tonkinson

**Company secretary**

Mr A Booth

**Registered office**

Warren Way  
Crown Farm Business Park  
Mansfield  
Notts  
NG19 0FL

**Auditors**

Blueprint Audit Limited  
Chartered Accountants  
Registered Auditor  
Charnwood House  
Gregory Boulevard  
Nottingham  
NG7 6NX

**Accountants and business advisers**

Tenon Limited  
Charnwood House  
Gregory Boulevard  
Nottingham  
NG7 6NX

**Bankers**

National Westminster  
12 High Street  
Doncaster  
South Yorkshire  
DE1 1EJ

**DEANESTOR LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 30 JUNE 2003**

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2003.

**Principal activities and business review**

The principal activity of the company during the year was the manufacture and distribution of specialist furniture.

The directors are satisfied with the results for the year under review and are confident of future prospects.

**Results and dividends**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2003 £	2002 £
Proposed dividends on preference shares	<u>6,300</u>	<u>6,300</u>

**The directors and their interests in shares of the company**

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 30 June 2003	At 1 July 2002 or later date of appointment
Mr L McG Taylor	Ordinary	32,000	32,000
Mr P Stevenson	Ordinary	—	—
Mr A Booth	Ordinary	—	—
Mr R B Tonkinson	Ordinary	288,000	288,000
Mr R B Tonkinson	Preference	<u>70,000</u>	<u>70,000</u>

R Tonkinson was appointed as a director on 2 June 2003. Mr R B Tonkinson's shareholdings are held by Ryton Holdings Limited which is the controlling interest.

**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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 10 to 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

**DEANESTOR LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 30 JUNE 2003**

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prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

**Donations**

During the year the company made the following contributions:

	<b>2003</b>	<b>2002</b>
	£	£
Charitable	<u>1,688</u>	<u>260</u>

Registered office:  
Warren Way  
Crown Farm Business Park  
Mansfield  
Notts  
NG19 0FL

Signed by order of the directors

  
MR A BOOTH  
Company Secretary

Approved by the directors on 1 October 2003

**DEANESTOR LIMITED****INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 30 JUNE 2003**

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We have audited the financial statements on pages 6 to 24 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 10 to 11.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the directors and the 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 on pages 2 to 3.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the 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. Our responsibilities do not extend to any other information.

**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.

**DEANESTOR LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS** *(continued)*

**YEAR ENDED 30 JUNE 2003**

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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Blueprint Audit Limited*

Blueprint Audit Limited  
Registered Auditor  
Charnwood House  
Gregory Boulevard  
Nottingham  
NG7 6NX

2 March 2004

**DEANESTOR LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 JUNE 2003**

	Note	2003 £	2002 £
<b>Turnover</b>	2	<b>4,196,292</b>	3,358,567
Cost of sales		<b>(2,400,879)</b>	(1,869,143)
<b>Gross profit</b>		<b>1,795,413</b>	1,489,424
Distribution costs		<b>(328,711)</b>	(259,739)
Administrative expenses		<b>(1,046,248)</b>	(833,167)
<b>Operating profit</b>	3	<b>420,454</b>	396,518
Interest payable and similar charges	6	<b>(54,568)</b>	(75,617)
<b>Profit on ordinary activities before taxation</b>		<b>365,886</b>	320,901
Tax on profit on ordinary activities	7	-	-
<b>Profit on ordinary activities after taxation</b>		<b>365,886</b>	320,901
Dividends (including non-equity)	8	<b>(6,300)</b>	(6,300)
<b>Retained profit for the financial year</b>		<b>359,586</b>	314,601

All of the activities of the company are classed as continuing.



# DEANESTOR LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 JUNE 2003

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	2003 £	2002 £
Profit for the financial year attributable to the shareholders	365,886	320,901
Unrealised profit on revaluation of certain fixed assets	—	122,275
Total gains and losses recognised since the last annual report	<u>365,886</u>	<u>443,176</u>

### Note of historical cost profits and losses

	2003 £	2002 £
Reported profit on ordinary activities before taxation	365,886	320,901
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	<u>4,392</u>	<u>3,881</u>
Historical cost profit on ordinary activities before taxation	<u>370,278</u>	<u>324,782</u>
Historical cost profit for the year retained after taxation and dividends	<u>363,978</u>	<u>318,482</u>

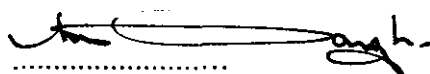
# DEANESTOR LIMITED

## BALANCE SHEET

30 JUNE 2003

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	9	1,252,007	1,238,392
Investments	10	54,012	34
		<u>1,306,019</u>	<u>1,238,426</u>
<b>Current assets</b>			
Stocks	11	152,652	139,889
Debtors	12	1,408,659	1,141,699
Cash in hand		1,011	252
		<u>1,562,322</u>	<u>1,281,840</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>(1,141,561)</u>	<u>(1,050,563)</u>
<b>Net current assets</b>		<u>420,761</u>	<u>231,277</u>
<b>Total assets less current liabilities</b>		<u>1,726,780</u>	<u>1,469,703</u>
<b>Creditors: Amounts falling due after more than one year</b>	14	<u>(446,807)</u>	<u>(560,098)</u>
		<u>1,279,973</u>	<u>909,605</u>
<b>Provisions for liabilities and charges</b>	17	<u>(88,092)</u>	<u>(83,610)</u>
		<u>1,191,881</u>	<u>825,995</u>
<b>Capital and reserves</b>			
Called-up share capital	22	390,000	390,000
Revaluation reserve	23	253,989	258,381
Other reserves	23	71,355	71,355
Profit and loss account	23	476,537	106,259
<b>Shareholders' funds (Including non-equity interests)</b>	24	<u>1,191,881</u>	<u>825,995</u>

These financial statements were approved by the directors on the 1 October 2003 and are signed on their behalf by:

  
 .....  
 MR L McG TAYLOR

**DEANESTOR LIMITED**  
**CASH FLOW STATEMENT**  
**YEAR ENDED 30 JUNE 2003**

	Note	2003 £	£	2002 £	£
<b>Net cash inflow from operating activities</b>	25		<b>309,305</b>		<b>265,737</b>
<b>Returns on investments and servicing of finance</b>	25		<b>(54,568)</b>		<b>(75,617)</b>
<b>Capital expenditure and financial investment</b>	25		<b>(118,364)</b>		<b>(72,179)</b>
<b>Acquisitions and disposals</b>					
Acquisition of shares in group undertakings		<b>(54,011)</b>		—	
<b>Net cash outflow from acquisitions and disposals</b>			<b>(54,011)</b>		<b>—</b>
<b>Cash inflow before financing</b>			<b>82,362</b>		<b>117,941</b>
<b>Financing</b>	25		<b>(94,377)</b>		<b>(101,679)</b>
<b>(Decrease)/increase in cash</b>	25		<b>(12,015)</b>		<b>16,262</b>

The notes on pages 10 to 24 form part of these financial statements.

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

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**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	2.5% - 10% straight line
Plant, machinery and tools	10% - 25% straight line
Fixtures & office equipment	20% - 25% straight line
Motor vehicles	25% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

**Investments**

Investments held as fixed assets are stated at cost or valuation less any provision for impairment in value.

**Stocks**

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

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

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**1. ACCOUNTING POLICIES** *(continued)*

**Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Grants receivable**

Revenue based grants are credited to the profit and loss account against related expenditure whilst grants of a capital nature are treated as deferred income and are transferred to the profit and loss account over the expected useful lives of the relevant assets.

**Warranty provision**

The company warrants certain of its products and a provision is maintained to cover the estimated potential liability.

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	4,149,098	3,358,567
Overseas	47,194	-
	<u>4,196,292</u>	<u>3,358,567</u>

**3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation of owned fixed assets	86,087	82,793
Depreciation of assets held under hire purchase agreements	28,403	34,491
(Profit)/loss on disposal of fixed assets	(1,841)	1
Auditors' remuneration		
- as auditors	5,000	5,000
Write down of investments	33	-
Operating lease costs - land and buildings	24,720	24,720
- plant and equipment	4,833	4,833
Release of grant income	<u>(22,500)</u>	<u>(22,500)</u>

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	2003 No	2002 No
Number of production staff	37	34
Number of administrative staff	24	21
	<u>61</u>	<u>55</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	1,238,485	1,019,846
Social security costs	109,177	95,334
	<u>1,347,662</u>	<u>1,115,180</u>

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2003 £	2002 £
Emoluments receivable	<u>91,969</u>	<u>97,067</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2003 £	2002 £
Interest payable on bank loans and overdraft	29,199	34,440
Finance charges	9,533	12,873
Other similar charges payable	15,836	28,304
	<u>54,568</u>	<u>75,617</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2003 £	2002 £
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 20%)	-	-
Total current tax	-	-
Deferred tax:		
Increase in deferred tax provision	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2002 - 20%).

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<b>365,886</b>	<b>320,901</b>
Profit/(loss) on ord actvs by rate of tax	<b>69,518</b>	<b>64,180</b>
Utilisation of tax losses	<b>(68,168)</b>	<b>(58,349)</b>
Expenses not deductible for tax purposes	<b>14,406</b>	<b>128</b>
Depreciation in year in excess of capital allowances	<b>7,005</b>	<b>3,881</b>
Allowable deductions	<b>(22,411)</b>	<b>(9,840)</b>
Profit on disposal of fixed assets	<b>(350)</b>	<b>-</b>
Total current tax (note 7(a))	<b>-</b>	<b>-</b>

**(c) Factors that may affect future tax charges**

Based on current capital investment plans, the company expects to continue to claim capital allowances which are similar to the depreciation charge in future years.

**8. DIVIDENDS**

The following dividends have been proposed in respect of the year:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Proposed dividend on preference shares	<b>6,300</b>	<b>6,300</b>



**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**9. TANGIBLE FIXED ASSETS**

	Freehold buildings £	Plant, machinery and tools £	Fixtures and office equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 July 2002	827,588	554,540	128,328	63,106	1,573,562
Additions	70,693	3,994	39,537	27,665	141,889
Disposals	—	—	(3,000)	(36,250)	(39,250)
<b>At 30 June 2003</b>	<b>898,281</b>	<b>558,534</b>	<b>164,865</b>	<b>54,521</b>	<b>1,676,201</b>
<b>DEPRECIATION</b>					
At 1 July 2002	7,110	210,214	92,865	24,981	335,170
Charge for the year	22,748	50,105	26,930	14,707	114,490
On disposals	—	—	(2,999)	(22,467)	(25,466)
<b>At 30 June 2003</b>	<b>29,858</b>	<b>260,319</b>	<b>116,796</b>	<b>17,221</b>	<b>424,194</b>
<b>NET BOOK VALUE</b>					
<b>At 30 June 2003</b>	<b>868,423</b>	<b>298,215</b>	<b>48,069</b>	<b>37,300</b>	<b>1,252,007</b>
<i>At 30 June 2002</i>	<i>820,478</i>	<i>344,326</i>	<i>35,463</i>	<i>38,125</i>	<i>1,238,392</i>

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2003 £	2002 £
<b>Historical cost</b>	<b>707,648</b>	<b>636,955</b>
<b>Depreciation:</b>		
At 1 July 2002	74,344	58,420
Charge for year	18,356	15,924
<b>At 30 June 2003</b>	<b>92,700</b>	<b>74,344</b>
<b>Net historical cost value:</b>		
At 30 June 2003	614,948	562,611
At 30 June 2002	562,611	551,832

The freehold buildings were professionally revalued in October 2003 at £960,000. These valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Statement of Asset Valuation Practice and guidance notes.

**Hire purchase agreements**

Included within the net book value of £1,252,007 is £173,463 (2002 - £203,251) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £28,403 (2002 - £34,491).

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**10. INVESTMENTS**

**Shares in group undertakings**

	£
<b>COST</b>	
At 1 July 2002	34
Additions	54,011
Write down of investments	(33)
At 30 June 2003	<u>54,012</u>

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

Castle Neroche Limited - 100% ordinary share capital  
 incorporated in England and Wales

Cygnnet Laboratories Limited (dormant) - 100% ordinary share capital  
 incorporated in England and Wales

A copy of the financial statements for the above are available from the Registrar of Companies.

**11. STOCKS**

	2003 £	2002 £
Raw materials	<u>152,652</u>	<u>139,889</u>

**12. DEBTORS**

	2003 £	2002 £
Trade debtors	1,238,730	1,122,974
Amounts owed by subsidiary undertakings	140,158	-
Prepayments and accrued income	29,771	18,725
	<u>1,408,659</u>	<u>1,141,699</u>

Included in trade debtors is an amount of £32,161 which is due after more than one year (2002 - £18,591).

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

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**13. CREDITORS: Amounts falling due within one year**

	2003 £	2002 £
Invoice discounting	199,018	180,114
Bank loans and overdrafts	69,902	54,961
Trade creditors	399,705	362,374
Other taxation and social security	182,646	148,128
Hire purchase agreements	51,238	67,995
Deferred grant	22,500	22,500
Other creditors	49,457	97,850
Accruals and deferred income	167,095	116,641
	<u>1,141,561</u>	<u>1,050,563</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2003 £	2002 £
Bank loans and overdrafts	69,902	54,961
Invoice discounting	199,018	180,114
Hire purchase agreement	51,238	67,995
	<u>320,158</u>	<u>303,070</u>

The bank loans and the recourse element of the invoice discounting hold a fixed and floating charge over the freehold buildings of the company.

The HP and finance lease creditor is secured on the assets which the liability relates to.

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**14. CREDITORS: Amounts falling due after more than one year**

	2003 £	2002 £
Bank loans	374,779	416,031
Hire purchase agreements	27,028	76,567
Other creditors – deferred grant	45,000	67,500
	<u>446,807</u>	<u>560,098</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2003 £	2002 £
Bank loans	374,779	416,031
Hire purchase agreements	27,028	76,567
	<u>401,807</u>	<u>492,598</u>

The bank loans hold a fixed and floating charge over the freehold buildings of the company

The hire purchase finance lease creditor is secured on the assets which the liability relates to

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2003 £	2002 £
Bank loans	<u>206,060</u>	<u>257,458</u>

The above bank loan is repayable on demand. The interest rate applicable is 2.25% above the bank's base rate.

**15. CREDITORS - CAPITAL INSTRUMENTS**

Creditors include finance capital which is due for repayment as follows:

	2003 £	2002 £
Amounts repayable:		
In one year or less or on demand	320,158	303,070
In more than one year but not more than two years	53,063	83,774
In more than two years but not more than five years	142,684	151,366
In more than five years	<u>206,060</u>	<u>257,458</u>
	<u>721,965</u>	<u>795,668</u>

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows:

	2003 £	2002 £
Amounts payable within 1 year	51,238	67,995
Amounts payable between 1 and 2 years	27,028	47,739
Amounts payable between 3 and 5 years	—	28,828
	<u>78,266</u>	<u>144,562</u>

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

	2003 £
<b>Warranty provision:</b>	
At 1 July 2002	83,610
Increase in provision	4,482
	<u>88,092</u>
At 30 June 2003	<u>88,092</u>

**18. COMMITMENTS UNDER OPERATING LEASES**

At 30 June 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003 Land & Buildings £	Other Items £	2002 Land & Buildings £	Other Items £
Operating leases which expire:				
Within 2 to 5 years	—	4,833	—	4,833
After more than 5 years	28,000	—	24,720	—
	<u>28,000</u>	<u>4,833</u>	<u>24,720</u>	<u>4,833</u>

**19. CONTINGENCIES**

Deanestor Limited has given an unlimited guarantee in respect of Castle Neroche Limited bank borrowings. The bank borrowings contingent liability at the year end was £25,725 (2002: not applicable)

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**20. RELATED PARTY TRANSACTIONS**

During the year and in the normal course of business the company entered into transactions with Castle Neroche Limited, a wholly owned subsidiary of Deanestor Limited. The transactions are as follows:

Total sales £180,062

Total purchases £118,560

Total amount owed to the company by Castle Neroche Limited at 30 June 2003 £140,158

Also during the year, consultancy fees were charged to the company by the directors Mr A Booth and Mr RB Tonkinson on an arms length basis, the details are as follows:

Mr A Booth, total charged £18,724, amount outstanding at 30 June 2003 £nil. Mr RB Tonkinson, total charged £16,000, amount outstanding at 30 June 2003 £4,000 owed by the company.

**21. PARENT COMPANY AND CONTROLLING PARTIES**

The immediate parent company is Ryton Holdings Limited, which has remained dormant throughout the year and is registered in Guernsey.

The ultimate parent controlling party is Mr R B Tonkinson.

**22. SHARE CAPITAL**

**Authorised share capital:**

	2003	2002
	£	£
365,000 Ordinary shares of £1 each	365,000	365,000
70,000 Preference shares of £1 each	70,000	70,000
	<u>435,000</u>	<u>435,000</u>

**Allotted, called up and fully paid:**

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	320,000	320,000	320,000	320,000
Preference shares of £1 each	70,000	70,000	70,000	70,000
	<u>390,000</u>	<u>390,000</u>	<u>390,000</u>	<u>390,000</u>

The 9% preference shares carry no voting rights and, in the event of the company being wound up, the assets remaining after payment of the debts and liabilities of the company and the costs of liquidation shall be applied first in repaying the amounts paid up on the preference shares and any arrears on preference dividends.

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**23. RESERVES**

	Revaluation reserve £	Capital reserve £	Profit and loss account £
At 1 July 2002	258,381	71,355	106,259
Profit for the year	-	-	359,586
Transfer of excess depreciation on revalued assets	(4,392)	-	4,392
Unpaid preference dividends	-	-	6,300
	<u>253,989</u>	<u>71,355</u>	<u>476,537</u>

**24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**EQUITY SHAREHOLDERS' FUNDS**

	2003 £	2002 £
Profit for the financial year	365,886	320,901
Dividends	(6,300)	(6,300)
	<u>359,586</u>	<u>314,601</u>
Other net recognised gains and losses	-	122,275
Net addition to funds	<u>359,586</u>	<u>436,876</u>
Opening shareholders' equity funds	735,093	298,217
Closing shareholders' equity funds	<u>1,094,679</u>	<u>735,093</u>

**NON-EQUITY SHAREHOLDERS' FUNDS**

Opening shareholders' non equity funds	90,902	84,602
Unpaid preference dividend	6,300	6,300
Closing shareholders' non-equity funds	<u>97,202</u>	<u>90,902</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<u><b>1,191,881</b></u>	<u><b>825,995</b></u>

# DEANESTOR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

### 25. NOTES TO THE STATEMENT OF CASH FLOWS

#### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	420,454	396,518
Depreciation	114,490	117,284
(Profit)/Loss on disposal of fixed assets	(1,841)	1
Write down of investments	33	-
Movement in warranty provision	4,482	83,610
Amortisation of deferred grant	(22,500)	(22,500)
Increase in stocks	(12,763)	(24,563)
Increase in debtors	(266,960)	(471,074)
Increase in creditors	73,910	186,461
Net cash inflow from operating activities	<u>309,305</u>	<u>265,737</u>

#### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2003 £	2002 £
Interest paid	(45,035)	(62,744)
Interest element of hire purchase	<u>(9,533)</u>	<u>(12,873)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(54,568)</u>	<u>(75,617)</u>

#### CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2003 £	2002 £
Payments to acquire tangible fixed assets	(133,989)	(72,180)
Receipts from sale of fixed assets	<u>15,625</u>	<u>1</u>
Net cash outflow for capital expenditure and financial investment	<u>(118,364)</u>	<u>(72,179)</u>



**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**25. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)*

**FINANCING**

	2003 £	2002 £
New bank loans	—	455,000
Repayment of bank loans	(20,181)	(514,103)
Capital element of hire purchase	(74,196)	(42,576)
<b>Net cash outflow from financing</b>	<b>(94,377)</b>	<b>(101,679)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2003 £	2002 £
Decrease in cash in the period	(12,015)	16,262
Net cash (inflow) from/outflow from invoice discounting	(18,904)	180,834
Net cash outflow from/(inflow) from bank loans	39,085	(121,729)
Cash outflow in respect of hire purchase	74,196	42,576
<b>Change in net debt resulting from cash flows</b>	<b>82,362</b>	<b>117,943</b>
New finance leases	(7,900)	(49,515)
Movement in net debt in the period	<b>74,462</b>	<b>68,428</b>
Net debt at 1 July	<b>(795,416)</b>	<b>(863,844)</b>
Net debt at 30 June	<b>(720,954)</b>	<b>(795,416)</b>

**DEANESTOR LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2003**

**25. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)*

**ANALYSIS OF CHANGES IN NET DEBT**

	At 1 July 2002 £	Cash flows £	Other changes £	At 30 June 2003 £
Net cash:				
Cash in hand and at bank	252	759	—	1,011
Overdrafts	(21,093)	(12,774)	—	(33,867)
	<u>(20,841)</u>	<u>(12,015)</u>	<u>—</u>	<u>(32,856)</u>
Debt:				
Debt due within 1 year	(213,982)	(21,071)	—	(235,053)
Debt due after 1 year	(416,031)	41,252	—	(374,779)
Hire purchase agreements	(144,562)	74,196	(7,900)	(78,266)
	<u>(774,575)</u>	<u>94,377</u>	<u>(7,900)</u>	<u>(688,098)</u>
Net debt	<u>(795,416)</u>	<u>82,362</u>	<u>(7,900)</u>	<u>(720,954)</u>