

Company Registration No. 3245801 (England and Wales)

LEGEND INVESTMENTS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2001



10-6-02 28

LEGEND INVESTMENTS LIMITED

DIRECTORS AND ADVISERS

Directors	D C Brown J A Murray
Secretary	J A Murray
Company number	3245801
Registered office	2 Water Court, Water Street, Birmingham B3 1HP
Registered auditors	Michael Kay & Company 2 Water Court, Water Street, Birmingham B3 1HP

LEGEND INVESTMENTS LIMITED

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LEGEND INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and financial statements for the year ended 31 December 2001.

Directors

The following directors have held office since 1 January 2001:

D C Brown

J A Murray

Principal activities and review of the business

The principal activity of the company continued to be that of a holding company and its subsidiary company continued to be that of a motor distributor.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

Interim ordinary dividends were paid amounting to £37,911. The directors do not recommend payment of a final dividend.

Future developments

In December 2000 Daimlerchrysler UK Limited served notice of termination on the subsidiary purporting to terminate the Dealer Agreement with effect from 31 December 2001. Following a legal challenge by the Dealer Network a Deed of Variation and Termination was agreed on 13 July 2001. The Directors are negotiating to ensure that the company will continue to trade.

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

Legend Investments Limited

	Ordinary Shares of £1 each	
	31 December 2001	1 January 2001
D C Brown	50,000	50,000
J A Murray	50,000	50,000

	'A' Ordinary Shares of £1 each	
	31 December 2001	1 January 2001
D C Brown	-	-
J A Murray	-	-

Charitable contributions

During the year the group made charitable donations of £400 (2000: £-).

Auditors

Michael Kay & Company were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

LEGEND INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

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 of the group 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, subject to any material departures disclosed and explained in the financial statements;
- 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



J A Murray
Company Secretary
28 May 2002

LEGEND INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LEGEND INVESTMENTS LIMITED

We have audited the financial statements of Legend Investments Limited on pages 4 to 20 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the 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.

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 and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 the company's and the group's affairs as at 31 December 2001 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Michael Kay & Company

Chartered Accountants
Registered Auditor

28 May 2002

2 Water Court,
Water Street,
Birmingham
B3 1HP

LEGEND INVESTMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
Turnover	2	18,722,825	17,109,044
Cost of sales		(17,652,649)	(16,318,871)
Gross profit		1,070,176	790,173
Administrative expenses		(672,832)	(589,364)
Other operating income		1,775	8,400
Operating profit	3	399,119	209,209
Other interest receivable and similar income		7,065	4,882
Interest payable and similar charges	4	(107,443)	(101,906)
Profit on ordinary activities before taxation		298,741	112,185
Tax on profit on ordinary activities	5	(80,675)	(23,150)
Profit on ordinary activities after taxation		218,066	89,035
Dividends	7	(37,911)	(73,346)
Retained profit for the year	16	180,155	15,689

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

LEGEND INVESTMENTS LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 2001

	Notes	Group 2001 £	2000 £	Company 2001 £	2000 £
Fixed assets					
Tangible assets	8	1,030,691	319,484	1,000,960	-
Investments	9	-	-	502,500	502,500
		<u>1,030,691</u>	<u>319,484</u>	<u>1,503,460</u>	<u>502,500</u>
Current assets					
Stocks	10	1,189,595	1,301,708	-	-
Debtors	11	583,564	732,152	-	36,983
Cash at bank and in hand		20,304	80,656	19,744	-
		<u>1,793,463</u>	<u>2,114,516</u>	<u>19,744</u>	<u>36,983</u>
Creditors: amounts falling due within one year	12	(1,389,423)	(1,720,919)	(56,753)	(38,471)
Net current assets		<u>404,040</u>	<u>393,597</u>	<u>(37,009)</u>	<u>(1,488)</u>
Total assets less current liabilities		<u>1,434,731</u>	<u>713,081</u>	<u>1,466,451</u>	<u>501,012</u>
Creditors: amounts falling due after more than one year	13	<u>(591,495)</u>	<u>-</u>	<u>(1,209,777)</u>	<u>(250,000)</u>
Capital and reserves					
Called up share capital	15	100,000	142,857	100,000	142,857
Share premium account	16	100,000	107,143	100,000	107,143
Other reserves	16	42,857	-	42,857	-
Profit and loss account	16	600,379	463,081	13,817	1,012
Shareholders' funds - equity interests	17	<u>843,236</u>	<u>713,081</u>	<u>256,674</u>	<u>251,012</u>

The financial statements were approved by the board on 28 May 2002

D C Brown
Director

J A Murray
Director

LEGEND INVESTMENTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 £	2000 £
Net cash inflow from operating activities	288,464	190,968
Returns on investments and servicing of finance		
Interest received	7,065	4,882
Interest paid	(89,172)	(84,768)
Interest element of finance lease rentals	(15,351)	(12,842)
Net cash outflow for returns on investments and servicing of finance	(97,458)	(92,728)
Taxation	(23,235)	(4,823)
Capital expenditure		
Payments to acquire tangible assets	(752,372)	(14,569)
Receipts from sales of tangible assets	-	650
Net cash outflow for capital expenditure	(752,372)	(13,919)
Equity dividends paid	(76,382)	(55,886)
Net cash (outflow)/inflow before management of liquid resources and financing	(660,983)	23,612
Financing		
Premium on purchase of own shares	(7,143)	-
Purchase of own shares	(42,857)	-
Issue and purchase of shares	(50,000)	-
New long term bank loan	606,186	-
Other new short term loans	43,814	-
Repayment of long term bank loan	(14,691)	-
Capital element of hire purchase contracts	(9,850)	(14,647)
Capital element of finance lease contracts	-	(159,072)
Increase/decrease) in debt	625,459	(173,719)
Net cash inflow/(outflow) from financing	575,459	(173,719)
Decrease in cash in the year	(85,524)	(150,107)

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

1	Reconciliation of operating profit to net cash inflow from operating activities	2001	2000
		£	£
	Operating profit	399,119	209,209
	Depreciation of tangible assets	41,165	36,034
	Loss on disposal of tangible assets	-	1,402
	Decrease/(increase) in stocks	112,113	(74,566)
	Decrease/(increase) in debtors	148,588	(185,714)
	(Decrease)/Increase in creditors within one year	(412,521)	204,603
	Net cash inflow from operating activities	288,464	190,968

2	Analysis of net debt	1 January 2001	Cash flow	Other non-cash changes	31 December 2001
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	80,656	(60,352)	-	20,304
	Bank overdrafts	(117,409)	(25,172)	-	(142,581)
		(36,753)	(85,524)	-	(122,277)
	Finance leases	(9,850)	9,850	-	-
	Debts falling due within one year	-	(43,814)	-	(43,814)
	Debts falling due after one year	-	(591,495)	-	(591,495)
		(9,850)	(625,459)	-	(635,309)
	Net debt	(46,603)	(710,983)	-	(757,586)

3	Reconciliation of net cash flow to movement in net debt	2001	2000
		£	£
	Decrease in cash in the year	(85,524)	(150,107)
	Cash (inflow)/outflow from (increase)/decrease in debt	(625,459)	173,719
	Movement in net debt in the year	(710,983)	23,612
	Opening net debt	(46,603)	(70,215)
	Closing net debt	(757,586)	(46,603)

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2001. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% on cost
Land and buildings Leasehold	Over the term of the lease
Plant and machinery	20% on cost
Fixtures, fittings & equipment	20 - 25% on cost

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

(continued)

1.10 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

2001

2000

£

£

Operating profit is stated after charging:

Depreciation of tangible assets

41,165

36,034

Loss on disposal of tangible assets

-

1,402

Operating lease rentals

29,715

68,000

Auditors' remuneration (company £1,000; 2000 : £-)

8,000

6,250

Remuneration of auditors for non-audit work

6,000

5,200

and after crediting:

Rents receivable

-

8,400

4 Interest payable

2001

2000

£

£

On bank loans and overdrafts

22,748

3,592

On loans repayable after 5 years

-

3,009

Lease finance charges

18,271

17,138

Other interest

66,424

78,167

107,443

101,906

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

5 Taxation

	£	£
Domestic current year tax		
U.K. corporation tax	82,590	23,150
Adjustment for prior years	(1,915)	-
	<u>80,675</u>	<u>23,150</u>
Current tax charge		
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	298,741	112,185
	<u>77,135</u>	<u>22,437</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.82% (2000: 20.00%)		
Effects of:		
Non deductible expenses	3,307	299
Depreciation	10,629	7,207
Capital allowances	(8,471)	(6,988)
Adjustments to previous periods	(1,915)	-
Other tax adjustments	(10)	195
	<u>3,540</u>	<u>713</u>
Current tax charge	<u>80,675</u>	<u>23,150</u>

6 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2001 £	2000 £
Holding company's profit for the financial year	<u>93,573</u>	<u>73,346</u>

7 Dividends

	2001 £	2000 £
Ordinary interim paid	30,000	30,000
Ordinary interim paid	7,911	4,875
Ordinary final proposed	-	30,000
	<u>37,911</u>	<u>64,875</u>

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

8 Tangible fixed assets

Group

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2001	287,290	168,901	205,603	661,794
Additions	741,573	2,247	8,552	752,372
At 31 December 2001	1,028,863	171,148	214,155	1,414,166
Depreciation				
At 1 January 2001	2,960	150,350	189,000	342,310
Charge for the year	21,242	7,460	12,463	41,165
At 31 December 2001	24,202	157,810	201,463	383,475
Net book value				
At 31 December 2001	1,004,661	13,338	12,692	1,030,691
At 31 December 2000	279,889	18,551	16,603	319,484

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Net book values			
At 31 December 2001	-	-	-
Depreciation charge for the year			
31 December 2001	-	-	-
31 December 2000	-	13,724	13,724

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

Company

Land and
buildings
Freehold
£

Cost

At 1 January 2001

-

Additions

741,573

Intragroup

279,889

At 31 December 2001

1,021,462

Depreciation

At 1 January 2001

-

Charge for the year

20,502

At 31 December 2001

20,502

Net book value

At 31 December 2001

1,000,960

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

9 Fixed asset investments Company

Shares in
subsidiary
undertakings
£

Cost

At 1 January 2001 & at 31 December 2001

502,500

At 31 December 2000

502,500

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Total
£

At 31 December 2001

502,500

At 31 December 2000

502,500

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held
		Class %
Subsidiary undertakings		
Patrick Soluhull Limited	England	Ordinary 100

The principal activity of these undertakings for the last relevant financial year was as follows:

Principal activity

Patrick Soluhull Limited Motor dealer

10 Stocks

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Finished goods and goods for resale	1,189,595	1,301,708	-	-

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

As at 31 December 2001 the company held £539,460 (2000 £906,034) of consignment stock which is not included in the balance sheet. The principle terms of the consignment agreement, which generally can be terminated by either party, are such that the company can return any or all of the stock to the supplier without financial or commercial penalties and the supplier can vary stock prices.

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

11 Debtors

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Trade debtors	364,317	598,927	-	-
Other debtors	172,837	101,379	-	36,983
Prepayments and accrued income	46,410	31,846	-	-
	<u>583,564</u>	<u>732,152</u>	<u>-</u>	<u>36,983</u>

Amounts falling due after more than one year and included in the debtors above are:

	2001	2000	2001	2000
	£	£	£	£
Amounts owed by group undertakings	<u>618,282</u>	<u>250,000</u>	<u>-</u>	<u>-</u>

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

12 Creditors : amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£	£	£	£
Bank loans and overdrafts	186,395	117,409	43,814	-
Net obligations under finance lease and hire purchase contracts	-	9,850	-	-
Trade creditors	144,097	431,060	-	-
Other creditors	-	1,841	-	-
Amounts owed to group undertakings	-	-	4,903	-
Corporation tax	80,590	23,150	3,886	-
Taxes and social security costs	32,070	28,156	3,150	-
Stock finance plan	874,931	1,032,802	-	-
Accruals and deferred income	71,340	38,180	1,000	-
Proposed dividend	-	38,471	-	38,471
	<u>1,389,423</u>	<u>1,720,919</u>	<u>56,753</u>	<u>38,471</u>

Stock finance plans are secured by a floating charge over the new and used car stock.

Net obligations under finance leases and hire purchase contracts

Repayable within one year	-	9,850	-	-
Finance charges and interest allocated to future accounting periods	-	-	-	-
	<u>-</u>	<u>9,850</u>	<u>-</u>	<u>-</u>

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

13 Creditors : amounts falling due after more than one year

	Group 2001 £	2000 £	Company 2001 £	2000 £
Bank loans	591,495	-	591,495	-
Other loans	-	-	618,282	250,000
	<u>591,495</u>	<u>-</u>	<u>1,209,777</u>	<u>250,000</u>
Analysis of loans				
Not wholly repayable within five years other than by instalments:				
Bank Loan	-	-	429,390	-
Wholly repayable within five years	635,309	-	824,201	250,000
	<u>635,309</u>	<u>-</u>	<u>1,253,591</u>	<u>250,000</u>
Included in current liabilities	(43,814)	-	(43,814)	-
	<u>591,495</u>	<u>-</u>	<u>1,209,777</u>	<u>250,000</u>
Loan maturity analysis				
In more than one year but not more than two years	43,814	-	43,814	-
In more than two years but not more than five years	130,000	-	748,282	250,000
In more than five years	417,681	-	417,681	-
	<u>591,495</u>	<u>-</u>	<u>1,209,777</u>	<u>250,000</u>

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

14 Pension costs

Defined contribution

	2001 £	2000 £
Contributions payable by the company for the year	32,547	24,000

Defined benefit

The company operates a defined benefit pension scheme. The most recent full actuarial valuation was on 05 April 1999 and was carried out by a qualified independent actuary.

	2001 %
The main financial assumptions are as follows:	
Rate of increase in salaries	4.25
Rate of increase in pensions in payment	2.50
Discount rate	6.00
Inflation assumption	2.50
The long term expected rates of return are as follows:	
Equities	7.00
Bonds	5.00
Other assets	4.00

	2001 £
The assets in the scheme are as follows:	
Equities	745,000
Bonds	282,000
Other assets	76,000
	1,103,000
Present value of scheme liabilities	1,158,000
Deficit in scheme	(55,000)
Net pension liability	(55,000)

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

14 Pension costs

(continued)

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,049 (2000- £8,173). Contributions totalling £Nil (2000- £Nil) were payable to the fund at the year end and are included in creditors.

The company also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. 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 on the basis of triennial valuations using the projected unit method. The most recent valuation was at 5/4/99. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8% per annum, that salary increases would average 6.5% per annum and that present and future pensions would increase at the rate of 3.5% per annum.

The pension charge for the year was £84,276 (2000 - £71,327).

The most recent actuarial valuation showed that the market value of the scheme's assets was £1,379,000 and that the actuarial value of those assets represented 80.6% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company and employees will remain at 23.7% and 5% of earnings respectively.

15 Share capital

	2001 £	2000 £
Authorised		
100,000 Ordinary shares of £ 1 each	100,000	100,000
42,857 'A' Ordinary shares of £ 1 each	42,857	42,857
	<u>142,857</u>	<u>142,857</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £ 1 each	100,000	100,000
- 'A' Ordinary shares of £ 1 each	-	42,857
	<u>100,000</u>	<u>142,857</u>

During May 2001, Legend Investments purchased its own 'A' Ordinary shares for a consideration of £50,000.

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

16 Statement of movements on reserves Group

	Share premium account £	Other reserves £	Profit and loss account £
Balance at 1 January 2001	107,143	-	465,581
Retained profit for the year	-	-	180,155
Purchase of own shares	-	-	(42,857)
Goodwill written off	-	-	(2,500)
Premium on shares issued during the year	(7,143)	-	-
Movement during the year	-	42,857	-
Balance at 31 December 2001	100,000	42,857	600,379

Other reserves

Reserves for own shares

Reserve for own shares movement

42,857

Balance at 31 December 2001

42,857

Company

	Share premium account £	Other reserves £	Profit and loss account £
Balance at 1 January 2001	107,143	-	1,012
Retained profit for the year	-	-	55,662
Purchase of own shares	-	-	(42,857)
Premium on purchase of own shares	(7,143)	-	-
Movement during the year	-	42,857	-
Balance at 31 December 2001	100,000	42,857	13,817

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

17 Reconciliation of movements in shareholders' funds		2001	2000
Group		£	£
Profit for the financial year		218,066	89,035
Dividends		(37,911)	(73,346)
		<hr/>	<hr/>
		180,155	15,689
Proceeds from issue of shares		(7,143)	-
Purchase of own shares		(42,857)	-
Goodwill written-off		(2,500)	(2,500)
		<hr/>	<hr/>
Net addition to shareholders' funds		127,655	13,189
Opening shareholders' funds		713,081	699,892
		<hr/>	<hr/>
Closing shareholders' funds		843,236	713,081
		<hr/>	<hr/>
		2001	2000
Company		£	£
Profit for the financial year		93,573	73,346
Dividends		(37,911)	(73,346)
		<hr/>	<hr/>
		55,662	-
Premium on purchase of own shares		(7,143)	-
Purchase of own shares		(42,857)	-
		<hr/>	<hr/>
Net addition to shareholders' funds		5,662	-
Opening shareholders' funds		251,012	251,012
		<hr/>	<hr/>
Closing shareholders' funds		256,674	251,012
		<hr/>	<hr/>

18 Financial commitments

At 31 December 2001 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001	2000
	£	£
Expiry date:		
In over five years	-	68,000
	<hr/>	<hr/>

During the year the holding company, Legend Investments Limited purchased the site.

LEGEND INVESTMENTS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

19	Directors' emoluments	2001 £	2000 £
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The directors of the holding company were remunerated by the subsidiary company.

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2001 Number	2000 Number
Production staff	31	34
Office and Management	9	8
	<u>40</u>	<u>42</u>

Employment costs

	£	£
Wages and salaries	976,224	820,266
Social security costs	92,409	89,791
Other pension costs	93,325	79,500
	<u>1,161,958</u>	<u>989,557</u>