Registered no: 3338182

P C Cox (Holdings) Limited
Annual report
for the year ended 31 December 2000

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for the year ended 31 December 2000

Directors' report for the year ended 31 December 2000

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

Principal activity

P C Cox (Holdings) Limited is a group serving the chemical sealants and adhesives market worldwide.

Review of business and future developments

The consolidated profit and loss account is on page 4.

Sales were down on 1999, although P C Cox sales were flat.

The year started strongly for the group, continuing the strong second half of 1999, when extraordinary demand gave rise to lengthening lead times from P C Cox.

However, mid-year saw a weakening of activity at P C Cox, with a knock-on effect at Mays, which ran through to the year end, and has, in fact, continued into 2001. The primary cause is believed to have been de-stocking of Cox product in continental Europe. Additionally, the demise of the dot.com sector is assumed to have had an impact.

Loss of market share to Far Eastern products is not thought to be significant within Europe.

In the USA, the loss of two major accounts, one to Far Eastern products, had a significant affect on sales, which were 25% down on 1999.

With recession in Europe, and recession starting to bite in the USA, it would appear that the immediate future will not be a period of growth.

Necessarily, the board continues to seek new opportunities, and in June acquired Ark Plastic Products, a plastic injection moulding company. This not only facilitates better control and development of product, but also has opened up possibilities in other niche markets, as demonstrated by the acquisition of tooling for MPD guns, facilitating our entry into another niche market.

Dividends

The directors do not recommend the payment of a dividend for the year (1999: £nil).

Directors

The directors of the company during the year to 31 December 2000, are listed below:

W T Comfort (resigned 4 September 2000)
A Mackenzie (resigned 4 September 2000)
J O'Connor
D Porter

Directors' interests

The interests of the directors in the shares of the company at 31 December 2000 and at 1 January 2000 were:

	Ordinary shares of 1p each Number
J O'Connor	22,900
D Porter	50,000

Charitable donations

Charitable donations of £3,315 were made during the year (1999: £2,903).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that suitable accounting polices have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and 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.

Employees

The group's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and news letters which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Arrangements would be made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Post balance sheet events

Subsequent to the year end, the repayment terms of the existing bank facilities provided to the group were revised.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

D Porter
Director

Independent auditors' report to the members of P C Cox (Holdings) Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheets, the statement of group total recognised gains and losses, the consolidated cash flow statement and the related notes.

Respective responsibilities of directors and 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board.

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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 the company's and group's affairs at 31 December 2000 and of the loss and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading

25th January 2001

Consolidated profit and loss account for the year ended 31 December 2000

		Continuing operations			
			Acquisitions	Total	
		2000	2000	2000	1999
	Note	£'000	£'000	£'000	£'000
Turnover	2	**19,250**	**503**	**19,753**	19,868
Cost of sales		**(10,948)**	**(276)**	**(11,224)**	(10,357)
Gross profit		**8,302**	**227**	**8,529**	9,511
Selling and distribution costs		**(1,298)**	**(43)**	**(1,341)**	(1,382)
Administrative expenses		**(4,669)**	**(126)**	**(4,795)**	(4,620)
Operating profit	5	**2,335**	**58**	**2,393**	3,509
Interest receivable and similar income		**47**	**-**	**47**	45
Interest payable and similar charges	6	**(2,928)**	**(9)**	**(2,937)**	(2,750)
(Loss)/profit on ordinary activities before taxation		**(546)**	**49**	**(497)**	804
Tax on (loss)/profit on ordinary activities	7	**(201)**	**(58)**	**(259)**	(99)
(Loss)/retained profit for the financial year	20	**(747)**	**(9)**	**(756)**	705

There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/retained profit for the years stated above, and their historical cost equivalents.

Statement of group total recognised gains and losses

For the year ended 31 December	**2000** **£'000**	1999 £'000
(Loss)/profit for the financial year	**(756)**	705
Currency translation differences on foreign currency net investments	**-**	(26)
Total recognised (losses)/gains relating to the year	**(756)**	679

Balance sheets as at 31 December 2000

		Group		Company	
	Note	**2000**	1999	**2000**	1999
		£'000	£'000	**£'000**	£'000
Fixed assets					
Intangible assets	9	**15,787**	17,322	-	-
Tangible assets	10	**5,359**	4,962	-	-
Investments	11	**17**	-	**7,132**	6,988
		21,163	22,284	**7,132**	6,988
Current assets					
Stocks	12	**1,795**	1,358	-	-
Debtors	13	**3,555**	3,891	**680**	326
Cash at bank and in hand		**609**	1,301	**27**	122
		5,959	6,550	**707**	448
Creditors: amounts falling due within one year	14	**(5,558)**	(4,430)	**(872)**	(341)
Net current assets/(liabilities)		**401**	2,120	**(165)**	107
Total assets less current liabilities		**21,564**	24,404	**6,967**	7,095
Creditors: amounts falling due after more than one year	15	**(21,160)**	(23,118)	**(7,076)**	(7,072)
Provisions for liabilities and charges	17	**(26)**	(152)	-	-
Net assets/(liabilities)		**378**	1,134	**(109)**	23
Capital and reserves					
Called up share capital	19	**10**	10	**10**	10
Share premium account	20	**880**	893	**880**	893
Profit and loss account (deficit)	20	**(512)**	231	**(999)**	(880)
Equity shareholders' funds (deficit)	21	**378**	1,134	**(109)**	23

The financial statements on pages 4 to 23 were approved by the board of directors on 21st Jan 2002 and were signed on its behalf by:

D Porter
Director

Consolidated cash flow statement for the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Operating activities			
Net cash inflow from continuing operating activities (see page 8)		**4,653**	5,456
Returns on investments and servicing of finance			
Interest received		**47**	45
Interest paid		**(1,797)**	(1,867)
Finance lease charges paid		**(10)**	-
		(1,760)	(1,822)
Taxation		**(374)**	(193)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(572)**	(952)
Sale of tangible fixed assets		**-**	13
Purchase of intellectual property		**(58)**	-
Purchase of own shares		**(17)**	-
		(647)	(939)
Acquisitions and disposals			
Purchase of subsidiary undertakings		**(350)**	(1,276)
		(350)	(1,276)
Cash inflow before management of liquid resources and financing		**1,522**	1,226
Financing			
Repayment of loans		**(2,182)**	(1,182)
Capital element of finance lease rental payments		**(32)**	(18)
		(2,214)	(1,200)
(Decrease)/increase in cash in the year	23	**(692)**	26

Reconciliation of operating profit to net cash inflow from operating activities

	2000 £'000	1999 £'000
Continuing activities		
Operating profit	**2,393**	3,509
Amortisation of intangible fixed assets	**1,666**	1,650
Loss on disposal of tangible fixed assets	**6**	5
Depreciation of tangible fixed assets	**612**	418
Decrease/(increase) in trade debtors	**320**	(82)
Increase in prepayments and other debtors	**(20)**	(105)
Increase in stock	**(399)**	(88)
Increase in creditors	**223**	186
Exchange differences	**(148)**	(37)
Net cash inflow from continuing operating activities	4,653	5,456

Notes to the financial statements for the year ended 31 December 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

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 2000. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

Related party transactions

Transactions between the company and other group companies have not been disclosed in accordance with the exemption in FRS 8 paragraph 3(c).

Goodwill

The group has capitalised positive purchased goodwill arising on acquisitions. This is being amortised over the period the directors consider to be the useful economic life of the asset.

Tangible fixed assets and other intangible fixed assets

The cost of tangible and intangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets and intangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Buildings	2
Plant and machinery	7 – 33
Fixtures, fittings and equipment	25
Leasehold improvements	over the term of the lease
Motor vehicles	25
Patents	10
Goodwill	5 – 20

The cost of land is not depreciated.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which substantially transfer all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Investments

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

Fees and issue costs

The share issue costs are written off against the share premium account. The costs of issue of capital instruments are charged to the profit and loss account over the life of the instrument. A corresponding amount is subsequently transferred from the profit and loss reserve to the share premium account.

Fees incurred directly in making the acquisitions are included in the cost of investment of the subsidiaries.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stock.

Foreign currencies

Assets and liabilities as well as the results of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences on exchange arising from the retranslation of the acquired net investment in subsidiaries are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Turnover

Turnover, which excludes value added tax, sales between group companies and trade discounts represents the invoiced value of goods and services supplied.

Research and development expenditure

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The group operates a defined benefit pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the group benefits from the employees' services. The effects of variation from regular cost are spread over the expected average remaining service lives of members of the scheme.

The group provides no other post retirement benefits to its employees.

2 Turnover

The group's turnover is derived entirely from its principal activity.

	2000 £'000	1999 £'000
Turnover by destination		
United Kingdom	**6,130**	6,332
Continental Europe	**7,107**	6,008
North America	**5,693**	6,829
Asia	**374**	294
Middle East and Africa	**189**	57
Australia	**260**	348
	19,753	19,868

3 Directors' emoluments

	2000 £'000	1999 £'000
Aggregate emoluments	**94**	95

Retirement benefits are accruing to one director (1999:one) under the group's defined benefit scheme.

4 Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was:

By activity	2000 Number	1999 Number
Management	**3**	3
Production	**303**	283
Selling and distribution	**11**	9
Administration	**30**	26
	347	321

	2000 £'000	1999 £'000
Staff costs (for the above persons)		
Wages and salaries	**5,251**	4,845
Social security costs	**461**	426
Pension costs	**342**	226
	6,054	5,497

5 Operating profit

	2000 £'000	1999 £'000
Operating profit is stated after charging:		
Depreciation charge for the year on:		
Tangible owned fixed assets	**585**	413
Tangible leased fixed assets	**27**	5
Intangible fixed assets	**1,666**	1,650
Auditors' remuneration for audit services (company £8,000 (1999: £5,000))	**55**	38
Hire of plant and machinery – operating leases	**49**	58
Hire of other assets – operating leases	**360**	305

6 Interest payable and similar charges

	2000 £'000	1999 £'000
On bank loans and overdrafts	**2,015**	1,867
On debentures and other loans	**912**	883
On finance leases	**10**	-
	2,937	2,750

7 Tax on (loss)/profit on ordinary activities

	2000 £'000	1999 £'000
United Kingdom corporation tax at 30% (1999: 30.25%):		
Current taxation	**3**	-
Deferred taxation (see note 17)	**(63)**	(108)
Overseas taxation	**383**	231
Over provision in respect of prior years (see note 17)	**(64)**	(24)
	259	99

8 Loss for the financial year

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statement. The parent company's loss for the financial year was £132,113 (1999: £104,754).

9 Intangible fixed assets

The company has no intangible fixed assets. Details of those relating to the group are as follows:

Group	**Patents**	**Goodwill**	**Total**
	£'000	**£'000**	**£'000**
Cost			
At 1 January 2000	5,400	15,574	20,974
Additions	-	131	131
At 31 December 2000	**5,400**	**15,705**	**21,105**
Depreciation			
At 1 January 2000	1,440	2,212	3,652
Charge for the year	540	1,126	1,666
At 31 December 2000	**1,980**	**3,338**	**5,318**
Net book value			
At 31 December 2000	**3,420**	**12,367**	**15,787**
Net book value			
At 31 December 1999	3,960	13,362	17,322

Goodwill includes intellectual property rights.

The additions relate to the acquisition by PC Cox Limited of the entire share capital of Ark Plastics Products Limited (see note 22) and the acquisition of the injection moulding tools from SPX Technologies Limited along with the rights to the designs and stock for a consideration of £135,000. This gave rise to intellectual property rights of £58,000.

10 Tangible fixed assets

The company has no tangible fixed assets. Details of those relating to the group are as follows:

Group	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2000	2,918	112	3,591	58	72	6,751
Exchange differences	66	-	78	7	-	151
Additions	2	9	503	44	14	572
Disposals	-	-	(6)	-	(18)	(24)
Acquisitions	-	-	295	-	-	295
At 31 December 2000	**2,986**	**121**	**4,461**	**109**	**68**	**7,745**
Depreciation						
At 1 January 2000	97	41	1,580	21	50	1,789
Exchange differences	2	-	-	1	-	3
Charge for year	38	9	535	9	21	612
Disposals	-	-	-	-	(18)	(18)
At 31 December 2000	**137**	**50**	**2,115**	**31**	**53**	**2,386**
Net book value						
At 31 December 2000	**2,849**	**71**	**2,346**	**78**	**15**	**5,359**
Net book value						
At 31 December 1999	2,821	71	2,011	37	22	4,962

The net book value of assets held under finance leases amounted to £127,497 (1999: £34,811).

11 Fixed asset investments

The group has no fixed asset investments. Details of those relating to the company are as follows:

Company	Loans to subsidiary undertakings £'000	Interests in subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2000	6,903	85	6,988
Reclassification from amounts due from group undertakings in less than one year	144	-	144
Cost and net book value at 31 December 2000	**7,047**	**85**	**7,132**
Cost and net book value at 31 December 1999	6,903	85	6,988

Group	Interests in own shares £'000	Total £'000
Cost		
At 1 January 2000	-	-
Purchase of own shares	17	17
Cost and net book value at 31 December 2000	**17**	**17**
Cost and net book value at 31 December 1999	-	-

During the year, PC Cox Limited purchased £17,000 of shares on behalf of the PC Cox Employee Benefit Trust.

Details of subsidiary undertakings, which have all been consolidated in these financial statements, are as follows:

Name of undertaking	Country of registration/ incorporation	Description of shares held	Proportion of nominal value of ordinary shares held Group	Company	Principal activities
Cox North America LLP	United States of America	Unincorporated	100%	5%	Intermediate holding company
Cox North America Inc.	United States of America	Ordinary $1 shares	100%	-	Sale and distribution of sealant applicators
P C Cox Ltd	England and Wales	Ordinary £1 shares	100%	100%	Manufacture of sealant applicators
Mays (Pressure Diecastings) Ltd	England and Wales	Ordinary £1 shares	100%	-	Pressure diecasters and toolmakers
Ark Plastics Products Ltd	England and Wales	Ordinary £1 shares	100%	-	Plastic injection moulders

The address of the principal place of business of Cox North America LLP is 1013 Centre Road, Wilmington, Delaware 19805.

12 Stocks

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Raw materials and consumables	**912**	609	-	-
Work in progress	**168**	176	-	-
Finished goods	**715**	573	-	-
	1,795	1,358	-	-

13 Debtors

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year				
Trade debtors	**3,177**	3,397	-	-
Corporation tax recoverable	-	138	-	-
Amounts owed by group undertakings	-	-	**680**	326
Other debtors	**147**	137	-	-
Prepayments and accrued income	**231**	219	-	-
	3,555	3,891	**680**	326

14 Creditors: Amounts falling due within one year

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts				
(secured-see note 16)	**3,127**	2,189	**700**	300
Finance leases	**43**	6	-	-
Trade creditors	**1,226**	1,222	-	-
Corporation tax	**70**	195	-	-
Other taxation and social security	**249**	163	-	-
Accruals and deferred income	**843**	655	**172**	41
	5,558	4,430	**872**	341

15 Creditors: Amounts falling due after more than one year

	Group		Company	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
14% unsecured loan stock 2006	**8,114**	7,107	**6,155**	5,388
12% secured loan stock 2000-2002	**1,620**	1,984	**1,621**	1,984
Bank loans and overdrafts (secured)	**14,504**	16,200	-	-
Finance leases	**92**	22	-	-
	24,330	25,313	**7,776**	7,372
Less: amounts falling due within one year				
12% secured loan stock 2000-2002	**(700)**	(300)	**(700)**	(300)
Bank loans and overdrafts (secured)	**(2,427)**	(1,889)	-	-
Finance leases	**(43)**	(6)	-	-
	21,160	23,118	**7,076**	7,072
Loan stocks, bank loans and overdrafts				
Repayable as follows:				
In one year or less	**3,127**	2,189	**700**	300
Between one and two years	**3,854**	3,101	**1,000**	700
Between two and five years	**9,144**	10,961	-	984
In five years or more	**8,114**	9,040	**6,076**	5,388
Total	**24,239**	25,291	**7,776**	7,372

Finance leases

The company has no finance leases. The future minimum payments under finance leases to which the group is committed are:

	2000	1999
	£'000	£'000
Within one year	43	6
Between one and two years	49	5
Between two and five years	-	11
	92	22

16 Creditors: repayable in five years or more

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans repayable by instalments falling due for payment in more than five years	-	1,933	-	-
14% unsecured loan stock 2006 repayable otherwise than by instalments in more than five years	8,114	7,107	6,076	5,388
	8,114	9,040	6,076	5,388

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company and other group undertakings. The loan stock is subordinated to the bank loans. Interest is payable on the bank loans between 1.5% and 2% above base rate, depending on the group's profit before interest and tax.

17 Provision for liabilities and charges

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Deferred taxation				
At 1 January	152	260	-	-
Profit and loss account	(126)	(108)	-	-
At 31 December	26	152	-	-

Deferred taxation provided in the financial statements and the amount unprovided of the total potential liability/(asset) are as follows:

Group	Amount provided		Amount unprovided	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	**313**	284	**(5)**	-
Other short term timing differences	**(244)**	(132)	**(390)**	(379)
Losses	**(43)**	-	**(120)**	-
	26	152	**(515)**	(379)

Company	Amount provided		Amount unprovided	
	2000	1999	**2000**	1999
	£'000	£'000	**£'000**	£'000
Tax effect of short term timing differences	**-**	-	**(228)**	(379)

18 Pension arrangements

The group operates a defined benefit plan for its employees. The assets of the plan are administered by trustees and are held separately from the group.

Following the acquisition of the P C Cox division trade in May 1997 a pension plan was established on 1 October 1997. The employees were participating in the pension scheme operated by BBA Group plc from whom P C Cox's trade was purchased, from completion of the acquisition up to 30 September 1997. A bulk transfer value representing the value of the employees' accrued benefits in the BBA schemes is to be transferred into the plan.

There was an actuarial valuation of the PC Cox Limited Pension Scheme on 30 September 2000. The pension cost has been determined using the projected unit method by a qualified actuary. The key assumptions are:

Interest rate	7.0%
Salary increases	5.0% plus promotional salary scale
Pension increases	3.0%
Dividend growth	3.5%

At this date this value of assets was sufficient to cover 115% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company will be 24.2% of pensionable pay for executives and 14.6 % of pensionable pay for staff. The contributions of employees will be between 3% and 5% of pensionable pay depending on age, membership category and option chosen. The market value of the assets was £3,649,000 on 30 September 2000.

The total pension cost charged for the year in these financial statements amounted to £342,000 (1999:£226,000).

19 Called up share capital

	2000 £'000	1999 £'000
Authorised		
1,000,000 ordinary shares of 1p each	**10**	10

	2000 £'000	1999 £'000
Allotted, called up and fully paid		
1,000,000 ordinary shares of 1p each	**10**	10

20 Share premium account and reserves

Group	Share premium account £'000	Profit and loss (deficit) £'000
At 1 January 2000	893	231
Transfer from share premium account	(13)	13
Loss for the year	-	(756)
At 31 December 2000	**880**	**(512)**

Company	Share premium account £'000	Profit and loss (deficit) £'000
At 1 January 2000	893	(880)
Transfer from share premium account	(13)	13
Loss for the year	-	(132)
At 31 December 2000	**880**	**(999)**

21 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
(Loss)/profit for the financial year	**(756)**	705
Exchange differences	**-**	(26)
Net (reduction)/addition to shareholders' funds	**(756)**	679
Opening shareholders' funds	**1,134**	455
Closing shareholders' funds	**378**	1,134

22 Acquisitions

On 18 May 2000, PC Cox Limited acquired the whole of the issued share capital of Ark Plastics Products Limited for a total consideration of £350,000.

The assets and liabilities acquired are set out below:

	Book value and fair value £'000
Fixed assets	
Tangible fixed assets	**295**
Current assets	
Stock	**39**
Debtors	**100**
	139
Total assets	**434**
Liabilities	
Creditors	**(157)**
Net assets	**277**
Goodwill	**73**
Consideration satisfied by:	
Cash	**350**

The summarised profit and loss account for Ark Plastics Productions Limited for the period from 1 January 2000, the beginning of the acquired company's financial year, to the date of acquisition on 18 May 2000 is as follows:

	Period ended 18 May 2000 £'000
Turnover	**218**
Operating profit	**115**
Loss before taxation	**(8)**
Taxation	-
Loss after taxation	**(8)**

The profit on ordinary activities of the acquired company for its previous financial year ended 31 December 1999 was £285,129.

23 Reconciliation of net cash flow to movement in net debt

	2000		1999	
	£'000	**£'000**	£'000	£'000
(Decrease)/increase in cash in the year	**(692)**		26	
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	**2,214**		1,200	
Changes in net debt resulting from cash flows		**1,522**		1,226
Exchange differences		**66**		(53)
New finance leases		**-**		(40)
Finance leases acquired		**(102)**		-
Accrual for finance cost of debt		**(1,196)**		(977)
Movement in net debt in the year		**290**		156
Net debt at 1 January		**(24,012)**		(24,168)
Net debt at 31 December		**(23,722)**		(24,012)

24 Analysis of net debt

	At 1 January 2000 £'000	Cash flow £'000	Other non cash changes £'000	Acquisitions £'000	Exchange differences £'000	**At 31 December 2000 £'000**
Cash at bank and in hand	1,301	(692)	-	-	-	**609**
Debt due after one year	(23,102)	-	1,924	-	66	**(21,112)**
Debt due within one year	(2,18`)	2,182	(3,120)	-	-	**(3,127)**
Finance leases	(22)	32	-	(102)	-	**(92)**
	(25,313)	2,214	(1,196)	(102)	66	**(24,331)**
Total	(24,012)	1,522	(1,196)	(102)	66	**(23,722)**

25 Contingent liabilities

Cross guarantees exist in respect of bank loans and overdrafts in other group companies. At 31 December 2000 bank loans and overdrafts in other group companies amounted to £14,503,503 (1999: £16,200,398).

26 Financial commitments

At 31 December 2000, the group had annual commitments under non-cancellable operating leases as follows:

	2000		1999	
	Land and buildings	**Other**	Land and buildings	Other
	£'000	**£'000**	£'000	£'000
Expiring within one year	**38**	**8**	68	24
Expiring between two and five years inclusive	**149**	**114**	104	51
Expiring in over five years	**107**	**-**	107	22
	294	**122**	279	97

27 Ultimate controlling party

The directors regard CVC European Equity Partners LP as the ultimate controlling party.

In 1997, CVC European Equity Partners LP made a loan of £3,849,500 to the company. This loan is repayable on 9 May 2006 and bears interest at 14% per annum. The total interest charged to the company profit and loss account during the year was £766,350 (1999: £670,930). At 31 December 2000, the amount due to CVC European Equity Partners LP was £6,154,830 (1999:£5,388,481).

In 1997, CVC European Equity Partners LP made a loan of £5,151,275 to the group. This loan is repayable on 9 May 2006 and bears interest at 14% per annum. The total interest charged to the group profit and loss account during the year was £1,006,924 (1999: £881,961). At 31 December 2000, the amount due to CVC European Equity Partners LP was £8,113,796 (1999: £7,106,835).