

Ridgmount Holdings Limited

Directors' Report and Financial Statements

30 June 2001

Registered Number 3730687



Ridgmount Holdings Limited

Directors' report and financial statements

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Ridgmount Holdings Limited

Directors' report

The Directors present their report and the audited financial statements for the year ended 30 June 2001.

Business review and results

The principal activity of the Company is that of a group holding company. The principal activities of the Group are Regulatory Publishing for the motor industry, Translations, Recruitment Consultants, Graphic Design and Media Consultants, together with some property rental income.

The Directors were pleased with the improved result for the year, in particular in the regulatory publishing and translations area of the Group's business. Over the next year, the Group will continue to invest in technological advances in these areas. No major changes in the Group's activities are foreseen.

The Company acquired the whole of the issued capital of Intereurope Technology Services Plc in August 1999.

The profit on ordinary activities after taxation amounted to £704,000, which has been transferred to reserves.

The results for the year are set out on page 4 of the financial statements.

Dividends

The Directors do not propose the payment of a dividend.

Directors

The Directors who served during the period are as follows:

D H Immanuel

P N Samuels (resigned 6 September 2000)

A R Horn (appointed 6 September 2000).

Directors' interests in shares

The entire share capital of the company has been in the beneficial ownership of D H Immanuel since issue.

No other Directors owned shares in the Company or any of its subsidiary undertakings.

Ridgmount Holdings Limited

Directors' report (*continued*)

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 Group and the Company and of the profit or loss 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; and
- 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report was approved by the Board of Directors on 23 January 2002.


A R Horn
Secretary

21-23 East Street
Fareham
Hampshire
PO16 0BZ

Ridgmount Holdings Limited

Report of the Auditors to the members of Ridgmount Holdings Limited

We have audited the financial statements on pages 4 to 21 which have been prepared under the accounting policies set out on pages 8 to 9.

Respective responsibilities of Directors and Auditors

As described on page 2 the Company's Directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Qualified opinion arising from lack of disclosure under FRS17

As disclosed in note 23, the Directors have not obtained the information necessary to meet all the disclosure requirements of FRS17. Except for these disclosures, in our opinion the financial statements give a true and fair view of the state of the Company and the Group as at 30 June 2001 and of the Group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

Grant Thornton
Registered Auditors
Chartered Accountants

23 January 2002

Manor Court
Barnes Wallis Road
Segensworth
Hampshire
PO15 5GT

Ridgmount Holdings Limited

Consolidated Profit and loss account year ended 30 June 2001

	Note(s)	2001 £000s	2000 £000s
Turnover	2	5,803	5,764
Cost of sales		(3,889)	(3,857)
Gross Profit		1,914	1,907
Administrative expenses		(1,277)	(1,648)
		637	259
Operating profit			
Profit on sale of freehold property		84	-
Interest receivable or similar income	3	78	80
		799	339
Profit on ordinary activities before taxation			
Taxation on profit on ordinary activities	5	(95)	(86)
Profit on ordinary activities after taxation	16	704	253
Dividends paid and proposed on equity shares		-	-
Retained profit for the period		704	253
Retained profit brought forward		253	-
Retained profit carried forward		957	253

There are no recognised gains or losses other than the profit for the period as reported above.

The accompanying accounting policies and notes form an integral part of these financial statements.

Ridgmount Holdings Limited

Company Balance sheet at 30 June 2001

	Note	£000s	2001 £000s	£000s	2000 £000s
Fixed assets					
Investments	9		<u>5,440</u>		<u>5,440</u>
			5,440		5,440
Current assets					
Cash at bank and in hand		<u>2</u>		<u>3</u>	
		2		3	
Creditors: amounts falling due within one year	12	<u>(18)</u>		<u>(16)</u>	
Net current assets			<u>(16)</u>		<u>(13)</u>
Net assets			<u>5,424</u>		<u>5,427</u>
Capital and reserves					
Called up share capital	15		1,425		1,425
Profit and loss account	17		3,999		4,002
Equity shareholders' funds	16		<u>5,424</u>		<u>5,427</u>

These financial statements were approved by the Board of Directors on 23 January 2002 and were signed on its behalf by:


A R Horn
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Ridgmount Holdings Limited

Consolidated Balance sheet at 30 June 2001

	Note	£000s	2001 £000s	£000s	2000 £000s
Fixed assets					
Tangible assets	8		1,190		1,463
Intangible assets:	10				
Positive goodwill		391		419	
Negative goodwill		(799)	(408)	(1,128)	(709)
			<u>782</u>		<u>754</u>
Current assets					
Debtors	11	867		1,229	
Cash at bank and in hand		<u>2,285</u>		<u>1,113</u>	
		3,152		2,342	
Creditors: amounts falling due within one year	12	<u>(1,533)</u>		<u>(1,367)</u>	
Net current assets			<u>1,619</u>		<u>975</u>
Total assets less current liabilities			2,401		1,729
Creditors: amounts falling due outside one year	13		(4)		(11)
Provisions	14		<u>(15)</u>		<u>(40)</u>
Net assets			<u>2,382</u>		<u>1,678</u>
Capital and reserves					
Called up share capital	15		1,425		1,425
Profit and loss account	16		<u>957</u>		<u>253</u>
Equity shareholders' funds	16		<u>2,382</u>		<u>1,678</u>

These financial statements were approved by the Board of Directors on 23 January 2002 and were signed on its behalf by:


A R Horn
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Ridgmount Holdings Limited

Consolidated cash flow statement year ended 30 June 2001

	<i>Note</i>	2001 £000s	2000 £000s
Net cash inflow from operating activities	20	972	488
Returns on investments and servicing of finance			
Interest received		73	80
Tax paid		(27)	(244)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(173)	(297)
Sale of tangible fixed assets		<u>327</u>	<u>60</u>
Net cash inflow/(outflow) from capital expenditure and financial investment		154	(237)
Acquisitions & disposals			
Purchase of investments	21	<u>-</u>	<u>(4,015)</u>
Net cash outflow for acquisitions & disposals		-	(4,015)
Financing			
Increase in short term borrowing		-	3,100
Repayment of short term borrowing		<u>-</u>	<u>(3,100)</u>
Cash inflow from financing		-	-
Increase/(decrease) in cash in the year	22	<u>1,172</u>	<u>(3,928)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Ridgmount Holdings Limited

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2001. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Investments in the Company's own balance sheet are included at cost less provisions for permanent diminutions in value. The cost includes interest paid on short term borrowings required during the acquisition process.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Goodwill

Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisitions before 1 January 1998, when FRS 10 Goodwill and Intangible Assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. Negative goodwill is credited to the profit and loss account over the same period as the non-monetary assets acquired are charged.

The estimated useful lives are assessed by the Directors as the length of time the Group is likely to benefit from positive goodwill of the acquisition and are as follows:

ATA Translations Limited	10 years
Lawton Hawthorne Advertising Limited	20 years

Ridgmount Holdings Limited

Notes (continued)

Turnover

Turnover is the amount receivable for goods supplied and services provided exclusive of VAT. Subscription income is taken to the profit and loss account over the period to which the subscription relates.

Depreciation

Depreciation is provided by the Group so as to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Equipment, fixtures and fittings	-	3 to 5 years
Software	-	2 years
Motor vehicles < 4 years at date of purchase	-	4 years
Motor vehicles > 4 years at date of purchase	-	2 years

No depreciation is charged on freehold land. As all assets were acquired with the Intereurope Group, the depreciation charged is on the original cost to Intereurope.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation under the liability method only to the extent that it is probable that an actual liability will crystallise.

Pension scheme

Pension costs are charged to the profit and loss account so as to recognise the cost of pensions on a systematic and rational basis over employees' working lives.

The Group had two pension schemes during the year, a defined benefit scheme up until 5 April and a defined contribution scheme thereafter.

Foreign currency transactions

Transactions in foreign currency are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Ridgmount Holdings Limited

Notes (continued)

Leases

Assets purchased under hire purchase contracts and finance leases are capitalised in the balance sheet and depreciated over the lease term. The associated liability, net of finance charges, is included as a creditor. Expenditure on operating leases is charged to the profit and loss account on the basis on which rentals accrue.

2 Business segment reporting

a) Business segment	2001 £000s	2000 £000s
Turnover		
Communications, Recruitment & Documentation	3,948	3,945
Regulatory Publications & Translations	1,855	1,766
Electronics	-	53
	<u>5,803</u>	<u>5,764</u>
Net assets/(liabilities)		
Communications, Recruitment & Documentation	61	(315)
Regulatory Publications & Translations	42	49
Electronics	-	(137)
	<u>103</u>	<u>(403)</u>
Unallocated assets	<u>2,279</u>	<u>2,081</u>
	<u>2,382</u>	<u>1,678</u>

During the previous year the Group discontinued its activities in the electronics sector.

b) Discontinued operations

The comparative figures for continuing and discontinued operations are as follows:

	Continuing	Dis-continued	Total
	2000 £000s	2000 £000s	2000 £000s
Turnover	5,711	53	5,764
Cost of sales	(3,814)	(43)	(3,857)
Gross profit	<u>1,897</u>	<u>10</u>	<u>1,907</u>
Administrative expenses	(1,550)	(98)	(1,648)
Operating profit/(loss)	<u>347</u>	<u>(88)</u>	<u>259</u>

Ridgmount Holdings Limited

Notes (continued)

c) Geographical segment

	2001 £000s Destination	2001 £000s Origin	2000 £000s Destination	2000 £000s Origin
Turnover				
United Kingdom	4,594	5,588	4,859	5,564
Rest of Europe	642	215	563	200
Asia	208	-	139	-
Unites States/Canada	283	-	203	-
Rest of World	76	-	-	-
	<u>5,803</u>	<u>5,803</u>	<u>5,764</u>	<u>5,764</u>

Neither a further analysis of turnover in 'Rest of Europe', an analysis of profit before taxation attributable to each business segment, nor an analysis of profit before taxation and net assets attributable to each geographical segment has been given since, in the opinion of the Directors, this would be seriously prejudicial to the commercial interests of the Group.

3 Interest receivable & similar income

The profit on ordinary activities before taxation is stated after crediting:

	2001 £000s	2000 £000s
Bank deposits and fixed interest investments	<u>78</u>	<u>80</u>

4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	2001 £000s	2000 £000s
Depreciation on owned assets	204	217
Depreciation on assets – HP	4	12
Auditors' remuneration - Audit – Group	19	22
- Audit – Company	3	-
Operating lease rentals – Land & buildings	12	73
Amortisation of positive goodwill	28	18
Amortisation of negative goodwill	<u>(329)</u>	<u>(135)</u>

Ridgmount Holdings Limited

Notes (continued)

5 Taxation

The charge in the profit and loss account is calculated as follows:

	2001 £000s	2000 £000s
Corporation tax at 30%	120	92
Foreign taxation	5	8
Movement in deferred taxation provision	(25)	25
Adjustments relating to an earlier year	(5)	(39)
	<u>95</u>	<u>86</u>

6 Directors' emoluments

	2001 £	2000 £
Emoluments	<u>226</u>	<u>118</u>
Company Contributions paid to defined benefit Pension Schemes	<u>-</u>	<u>-</u>
Members of defined benefit pension schemes	<u>2</u>	<u>3</u>

7 Employee numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2001 Number	2000 Number
Management and administrative staff	26	33
Production staff	<u>38</u>	<u>52</u>
	<u>64</u>	<u>85</u>

Ridgmount Holdings Limited

Notes (continued)

7 Employee numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2001 £000s	2000 £000s
Wages and salaries	1,855	1,836
Social security costs	191	168
Other pension costs (see note 23)	23	13
Compensation costs	-	63
	<u>2,069</u>	<u>2,080</u>

8 Tangible fixed assets – The Group

	Freehold Properties £000s	Equipment, fixtures and fittings £000s	Motor vehicles £000s	Total £000s
Cost				
At 1 July 2000	1,175	755	180	2,110
Additions	-	27	146	173
Disposals	<u>(225)</u>	<u>(10)</u>	<u>(111)</u>	<u>(346)</u>
At 30 June 2001	<u>950</u>	<u>772</u>	<u>215</u>	<u>1,937</u>
Depreciation				
At 1 July 2000	58	518	71	647
Charge for year	18	131	59	208
Eliminated on disposal	<u>(16)</u>	<u>(9)</u>	<u>(83)</u>	<u>(108)</u>
At 30 June 2001	<u>60</u>	<u>640</u>	<u>47</u>	<u>747</u>
Net book value				
At 30 June 2001	<u>890</u>	<u>132</u>	<u>168</u>	<u>1,190</u>
At 30 June 2000	<u>1,117</u>	<u>237</u>	<u>109</u>	<u>1,463</u>

Ridgmount Holdings Limited

Notes (continued)

9 Investments in subsidiary undertakings

£000s

Cost

At 30 June 2000 and at 30 June 2001

5,440

At 30 June 2001 the Company held 100% of the ordinary share capital of Intereurope Technology Services Plc. Intereurope held 100% of the ordinary share capital of the following active subsidiary undertakings:-

Undertaking	Activities
InterRegs Limited	Motor vehicle manufacturing and other regulatory publishing and technical translations
Intonation Limited	Legal and financial translations
Intereurope Recruitment Limited	Technical and IT recruitment
Intereurope Project Services Limited	Non-trading
Intereurope Technical Services (Netherlands) bv	Technical documentation projects
Intereurope Communications Limited	Graphic design, exhibitions, advertising, marketing, web sites and interactive multimedia services
Questbright Limited	Property rental

Intereurope Technical Services (Netherlands) bv is incorporated and operates in the Netherlands. The other subsidiary undertakings are registered and operate principally in England.

All subsidiaries are included in the consolidation.

Ridgmount Holdings Limited

Notes (continued)

10 Intangible assets

Goodwill

	Positive Goodwill £000s	Negative Goodwill £000s	Total £000s
Cost			
At 1 July 2000 and at 30 June 2001	437	(1,263)	(826)
Amortisation			
At 1 July 2000	18	(135)	(117)
Charge/credit for the year	28	(329)	(301)
At 30 June 2001	46	(464)	(418)
Net book value			
At 30 June 2001	391	(799)	(408)
At 30 June 2000	419	(1,128)	(709)

The positive goodwill relates to the acquisitions of Lawton Hawthorne Advertising Limited and ATA Translations Limited by Intereurope Technology Services Plc.

The negative goodwill relates to the acquisition of the Intereurope Group by Ridgmount Holdings Limited, and is being written back to the profit and loss account over the same period as the fixed assets acquired are being depreciated and sold.

11 Debtors

	2001 £000s	2000 £000s
The Group		
Trade debtors	765	1,131
ACT recoverable	39	39
Amounts recoverable on contracts	26	29
Prepayments & other debtors	37	30
	<u>867</u>	<u>1,229</u>

The ACT is recoverable after more than one year.

Ridgmount Holdings Limited

Notes (continued)

12 Creditors: amounts falling due within one year

	2001 £000s	2000 £000s
The Group		
Trade creditors	288	250
Other creditors including taxation and social security:		
Corporation tax	120	28
Other taxation	113	171
Social security	72	30
Accruals and deferred income	894	844
Other creditors	39	39
Liability under HP & finance leases	7	5
	<u>1,533</u>	<u>1,367</u>
The Company		
Accruals	3	11
Other creditors	15	5
	<u>18</u>	<u>16</u>

13 Creditors: amounts falling due after one year

	2001 £000s	2000 £000s
The Group		
Liability under HP	<u>4</u>	<u>11</u>

HP liabilities are secured on the assets owned under the agreements.

14 Provisions for liabilities and charges

	Deferred tax		Dilapidations	
	2001 £000s	2000 £000s	2001 £000s	2000 £000s
The Group				
At 1 July 2000	25	-	15	-
On acquisition of Intereurope	-	-	-	28
Credit/(charge) to the profit & loss account	(25)	25	-	(13)
At 30 June 2001	<u>-</u>	<u>25</u>	<u>15</u>	<u>15</u>

The provision in respect of dilapidations relates to a leasehold and is expected crystallise in the next financial year.

Ridgmount Holdings Limited

Notes (continued)

15 Share capital

	Authorised	Allotted, called up and fully paid
	£000s	£000s
At 1 July 2000 and at 30 June 2001		
Ordinary shares of £1 each	<u>1,500</u>	<u>1,425</u>

16 Reconciliation of movements in shareholders' funds

	2001 £000s	2000 £000s
The Group		
Profit for the period	704	253
Issue of shares	<u>-</u>	<u>1,425</u>
Net movement in shareholders' funds	704	1,678
Opening shareholders' funds	<u>1,678</u>	<u>-</u>
Closing shareholders' funds	<u>2,382</u>	<u>1,678</u>
The Company		
(Loss)/profit for the period	(3)	4,002
Issue of shares	<u>-</u>	<u>1,425</u>
Net movement in shareholders' funds	(3)	5,427
Opening shareholders' funds	<u>5,427</u>	<u>-</u>
Closing shareholders' funds	<u>5,424</u>	<u>5,427</u>

Ridgmount Holdings Limited

Notes (continued)

17 Reserves

	2001 £000s	2000 £000s
The Company		
At 1 July 2000	4,002	-
(Loss)/profit for the period	(3)	4,002
At 30 June 2001	<u>3,999</u>	<u>4,002</u>

18 Deferred Tax

The Group's deferred taxation relates to accelerated capital allowances which are provided in full.

19 Operating Leases

At 30 June 2001 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2001 £000s	2000 £000s
Operating leases which expire:		
Within one year	12	-
With second to fifth years	-	12
	<u>12</u>	<u>12</u>

20 Net cash inflow from operating activities

	2001 £000s	2000 £000s
Operating profit	637	259
Depreciation on tangible fixed assets	208	229
(Profit) on sale of tangible fixed assets	(6)	(37)
Amortisation of goodwill	(301)	(117)
Adjustments to provisions	-	(23)
Net movements in working capital		
Increase in creditors	72	44
Decrease in debtors	362	133
	<u>972</u>	<u>488</u>

Ridgmount Holdings Limited

Notes (continued)

21 Purchase of subsidiary undertakings

	2001 £000s	2000 £000s
Net assets acquired:		
Tangible fixed assets	-	1,418
Intangible fixed assets	-	441
Debtors	-	1,362
Cash at bank	-	5,041
Creditors	-	(1,504)
Finance leases	-	(17)
Provisions	-	(38)
	-	6,703
Negative goodwill	-	(1,263)
	-	5,440
Satisfied by:		
Shares allotted	-	1,425
Cash	-	4,015
	-	5,440

22 Reconciliation of net cash flow to movement in net funds

	2001 £000s	2000 £000s
Increase/(decrease) in cash in the period	1,172	(3,928)
Cash acquired with subsidiary	-	5,041
Movement in net funds in the period	1,172	1,113
Net funds at 1 July 2000	1,113	-
Net funds at 30 June 2001	2,285	1,113

The net funds are represented by cash at bank and in hand.

23 Pension costs

During the period, the Group made pension provision for its employees as follows:

Up until 5 April 2001, the Group operated a defined benefit scheme providing benefits based on final pensionable pay. The most recent actuarial valuation was carried out as at 5 April 2000 by a qualified independent actuary, using the Attained Age method. The review recommended that no

Ridgmount Holdings Limited

Notes (continued)

company contributions need be paid into the scheme at present. No company contributions were paid during the year under review. The valuation showed that the value of the scheme's assets was 105% of its liabilities.

The actuarial valuation used the following assumptions:

Inflation of 3.75% per annum compound;

Salary increase of 6% per annum compound;

Discount rate of 7%;

Expected return on the scheme's assets, which are held in a fund by Norwich Union, of 8% per annum compound;

As pensions are paid by way of annuity purchased on retirement, no assumption was made in relation to increases of pensions in payment.

The above scheme was closed for further accrual on 5 April 2001, and since that date it has been replaced by a defined contribution scheme to which both employees and the company contribute.

FRS17

FRS17 was introduced for accounting periods ending on or after 22 June 2001, so the implementation of this new Standard is in its early stages. FRS 17 requires the assets and liabilities of the scheme to be calculated on a different basis to the actuarial valuation referred to above.

The basis used under FRS17 is the fair value of a scheme's liabilities (under the projected unit method) and assets. The fair value of the assets as disclosed in the scheme's own accounts for the year ended 5 April 2001 was £3,555,000.

The fair value of the scheme's liabilities is to be calculated using, among other things, a discount rate which is different to that actually used by the scheme's actuaries. The Directors consider that the cost of obtaining this information is not merited, so at this time the information is not available.

Ridgmount Holdings Limited

Notes *(continued)*

24 Capital commitments

The Company had no capital commitments at 30 June 2001, or at 30 June 2000. The Group was committed to the purchase of a car for £25,000 (2000: £nil).

25 Contingent liabilities

Neither the Company nor the Group had any contingent liabilities at 30 June 2001.

26 Related party transactions

Sales were made to another company controlled by Mr D H Immanuel. Sales of £126,920 were made in the year (2000: £123,949). The trade debt at the end of the year was £3,995 (2000: £13,845). Trading between the companies was conducted under normal commercial terms.

Work was done for another company controlled by Mr D H Immanuel. The work was not completed so costs of £39,000 were not recovered. Trading between the companies was conducted under normal commercial terms.