

Register

BONE GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st OCTOBER 2003

Company No. SC20639



DIRECTORS' REPORT

The Directors submit their Report and Group Financial Statements of Bone Group Limited for the year ended 31st October 2003.

PRINCIPAL ACTIVITY

The principal activity of the Company throughout the year was that of a Holding Company and of the Group was the fabrication of structural steelwork and related activities.

RESULTS AND DIVIDEND

The Group profit on ordinary activities, after taxation for the year, amounted to £907,550 (2002 - £531,639). An interim dividend of £720,000 was paid during the year. The Directors do not recommend the payment of a final dividend.

REVIEW OF THE BUSINESS

Throughout the year, all Companies within the Group progressed apace, with new and exciting contracts awarded and executed. The market place, however, continued to be particularly competitive, and ultimately the financial rewards for our services remained tight. The Group results show a continued progressive movement, and without bad debts on Main Contractors receiverships, results would have been significantly better.

Both Enob Fire and Skelton Onsite service niche markets particularly well, considerably enhancing Group Figures, and along with BoneTech, an I.T. Company formed to service the Construction Industry, we look forward to further consolidation in all areas.

The Group has recently won a major overseas Contract and that, along with our continued drive for efficiencies in all areas, must auger well for our continued growth in the future.

LAND AND BUILDINGS

The Directors consider that the market value of the Group's land and buildings is higher than their book value. The Group's surplus land at their current premises has been sold after the year end for proceeds well in excess of its carrying value.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and their interests in the Share Capital were as follows:-

		Number of Shares 2003	Number of Shares 2002
A.A.H. BONE	(Chairman)	26,300	26,300
D. J. McPHERSON	(Chief Executive) (Resigned : 19.02.03)	-	-
C.A. BONE		9,600	9,600
T. CUNNINGHAM	(Resigned : 13.08.03)	-	-
W. McCANN		-	-
J. COOPER	(Appointed : 30.10.03)	-	-

DIRECTORS' REPORT (Contd.)

EMPLOYEES

The Group's policy for training and career development is to promote full and fair consideration for all vacancies and opportunities to any suitable person, including those who may be disabled.

Information is disseminated to all staff which materially affects the progress of the Group and is of sufficient interest and concern to them as employees and, where appropriate, meetings are held with employees to discuss matters affecting them.

Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development whenever appropriate.

AUDITORS

The Auditors, Messrs. Alexander Sloan, Chartered Accountants, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



M. MAGUNNIGLE
Company Secretary

WISHAW, 31st March 2004

YEAR ENDED 31st OCTOBER 2003**STATEMENT OF 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 judgments 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 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 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that the Financial Statements comply with the above requirements.

BONE GROUP LIMITED AND SUBSIDIARIES

We have audited the Financial Statements of Bone Group Limited for the year ended 31st October 2003 on pages 5 to 20. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the Financial Statements in accordance with applicable 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 Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company and Group 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 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 judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to 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 affairs of the Company and of the Group as at 31st October 2003 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ALEXANDER SLOAN
Chartered Accountants
Registered Auditors

GLASGOW, 31st March 2004

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st OCTOBER 2003

	Notes	2003 £	2002 £
Turnover	2	26,994,804	24,228,314
Cost of Sales		(24,414,386)	(22,226,603)
Gross Profit		<u>2,580,418</u>	<u>2,001,711</u>
Distribution Costs		(55,142)	(55,884)
Administration Costs		(2,127,138)	(2,138,467)
		<u>(2,182,280)</u>	<u>(2,194,351)</u>
Operating Profit/(Loss)	3	398,138	(192,640)
Profit on Disposal of Fixed Assets		1,008,170	733,945
Interest Received		-	838
Interest Paid	6	(80,693)	(113,459)
Profit on ordinary activities before taxation		1,325,615	428,684
Taxation	7	(418,065)	102,955
Profit for the year		907,550	531,639
Dividends		(720,000)	-
Retained Profit for the year	16	<u>187,550</u>	<u>531,639</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit for the financial year	<u>187,550</u>	<u>531,639</u>
Total recognised gains and losses relating to the year	187,550	531,639
Prior year adjustment	-	(286,457)
Total recognised gains and losses recognised since last Annual Report	<u>187,550</u>	<u>245,182</u>

GROUP BALANCE SHEET

AS AT 31st OCTOBER 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible Assets	8a)	2,667,676	2,845,066
Investments	9	134,550	220,056
		<hr/>	<hr/>
		2,802,226	3,065,122
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks	10	3,731,464	2,819,050
Debtors	11	3,850,065	4,277,577
Cash at Bank and on Hand		533,020	4,237
		<hr/>	<hr/>
		8,114,549	7,100,864
CREDITORS - Amounts falling due within one year	12	(6,983,821)	(5,998,633)
		<hr/>	<hr/>
NET CURRENT ASSETS		1,130,728	1,102,231
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,932,954	4,167,353
CREDITORS - Amounts falling due after more than one year	13	(308,788)	(775,693)
PROVISION FOR LIABILITIES AND CHARGES	14	(228,458)	(183,502)
		<hr/>	<hr/>
		<u>3,395,708</u>	<u>3,208,158</u>
CAPITAL AND RESERVES			
Called up Share Capital	15	60,000	60,000
Share Premium Account	16	15,000	15,000
Profit and Loss Account	16	3,320,708	3,133,158
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS	21	<u>3,395,708</u>	<u>3,208,158</u>

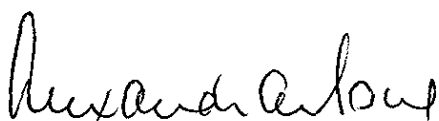
Signed on behalf of the Board on 31st March 2004.


A.A.H. BONE
Director

BALANCE SHEET

AS AT 31st OCTOBER 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible Assets	8b)	2,605,419	2,778,669
Investments	9	174,553	260,059
		<hr/>	<hr/>
		2,779,972	3,038,728
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	11	390,026	360,364
Cash at Bank and on Hand		1,078,264	703,052
		<hr/>	<hr/>
		1,468,290	1,063,416
CREDITORS - Amounts falling due within one year	12	(1,921,694)	(1,176,940)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(453,404)	(113,524)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,326,568	2,925,204
CREDITORS - Amounts falling due after more than one year	13	(308,788)	(775,693)
PROVISION FOR LIABILITIES AND CHARGES	14	(215,827)	(180,556)
		<hr/>	<hr/>
		<u>1,801,953</u>	<u>1,968,955</u>
CAPITAL AND RESERVES			
Called up Share Capital	15	60,000	60,000
Share Premium Account	16	15,000	15,000
Profit and Loss Account	16	1,726,953	1,893,955
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS	21	<u>1,801,953</u>	<u>1,968,955</u>

Signed on behalf of the Board on 31st March 2004.


A.A.H. BONE
Director

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st OCTOBER 2003

	Notes	2003 £	2002 £
Net Cash Inflow from Operating Activities	20a)	1,320,849	(1,075,278)
Returns on Investments and Servicing of Finance			
Interest Paid	(80,693)	(113,459)	
Interest Received	-	838	
Dividend Paid	(720,000)	-	
		<u>(800,693)</u>	<u>(112,621)</u>
Taxation			
U.K. Corporation Tax paid	(373,109)	(23,940)	
		<u></u>	<u></u>
Net Cash Outflow		(373,109)	(23,940)
Capital Expenditure			
Purchase of Tangible Fixed Assets	(240,562)	(195,411)	
Sale of Tangible Fixed Assets	1,143,108	1,589,351	
		<u>902,546</u>	<u>1,393,940</u>
Acquisitions and Disposals			
Purchase of Investment	-	(102,656)	
Disposal of Investment	85,506	-	
		<u>85,506</u>	<u>(102,656)</u>
Net Cash Outflow before Financing		1,135,099	79,445
Financing			
Loans Repaid	(272,885)	(49,100)	
Capital Element of Finance Lease Rental	(272,325)	(275,555)	
		<u>(545,210)</u>	<u>(324,655)</u>
Increase/(Decrease) in Cash	20c)	<u>589,889</u>	<u>(245,210)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st OCTOBER 2003

1. ACCOUNTING POLICIES

a) Accounting Convention

The Financial Statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Basis of Consolidation

No Profit and Loss Account is presented for the Parent Company as provided by S.230 of the Companies Act 1985.

The Group Financial Statements consolidate the Accounts of the Company and its Subsidiaries drawn up to 31st October each year. Intra-group transactions are eliminated.

c) Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less any estimated residual value, of each asset over its estimated useful life, as follows:-

Freehold Land and Buildings	- 2.5% reducing balance
Plant and Equipment	- 15% reducing balance
Motor Vehicles	- 25% reducing balance
Furniture and Fittings	- 10% reducing balance
Computer Software	- 25% straight line

d) Government Grants

Regional Development and other capital grants are credited to a Reserve Account and are released to the Profit and Loss Account over the periods of the related project.

e) Stocks

Stocks have been valued at the lower of cost and net realisable value.

Contract work-in-progress has been valued at cost of direct materials, labour and attributable overheads less any anticipated losses and progress payments received and receivable.

f) Long Term Contracts

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

g) Deferred Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Balance Sheet date, except as otherwise required by FRS 19.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

1. ACCOUNTING POLICIES (Contd.)

h) **Leasing**

Rentals paid under operating leases are charged to Profit and Loss Account as incurred. Assets which are held under finance leases have been capitalised and depreciated over their useful economic lives. The interest element of rental obligations is charged to the Profit and Loss Account over the periods of the leases and represents a constant proportion of the capital repayments outstanding.

i) **Pensions**

The pension cost charged in the Financial Statements represents the contribution payable by the company during the year.

2. **TURNOVER**

Turnover represents the amount of invoiced sales net of Value Added Tax and adjusted for changes in work-in-progress and excludes intra-group sales. All results arise from continuing activities.

3. **OPERATING PROFIT/(LOSS)**

	2003 £	2002 £
This is stated after charging/(crediting):-		
Directors' Remuneration	732,880	1,169,934
Auditors' Remuneration:-		
Audit Services	14,600	14,100
Non-Audit Services	6,950	1,500
Depreciation - Owned Assets	201,598	197,883
- Assets held under Finance Lease and Hire Purchase Contracts	168,980	130,265
Hire of Plant	62,991	79,343
	<hr/>	<hr/>

4. **DIRECTORS' REMUNERATION**

Emoluments	672,805	712,234
Pension Contributions to Money Purchase Pension Scheme	40,075	434,200
Compensation for loss of office	20,000	23,500
	<hr/>	<hr/>
	<u>732,880</u>	<u>1,169,934</u>
The emoluments of the highest paid Director, excluding pension contributions, were	<u>114,812</u>	<u>134,717</u>
Pension contributions to Money Purchase Pension Scheme	<u>10,000</u>	<u>401,648</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

4. DIRECTORS' REMUNERATION (Contd.)

	2003	2002
	Number	Number
Number of Directors to whom benefits are accruing under a defined pension scheme	<u>11</u>	<u>10</u>

5. STAFF COSTS

The average weekly number of employees during the year was made up as follows:-

	Number	Number
Office and Management	85	79
Manufacturing	220	214
	<u>305</u>	<u>293</u>

Staff costs during the year amounted to:-

	£	£
Wages and Salaries	5,527,941	5,318,388
Social Security Costs	512,686	464,361
Other Pension Costs	121,279	485,574
	<u>6,161,906</u>	<u>6,268,323</u>

6. INTEREST PAID

Bank Loan and Overdraft	32,653	62,559
Hire Purchase and Leasing Charges	48,040	50,900
	<u>80,693</u>	<u>113,459</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

7. TAX ON PROFIT ON ORDINARY ACTIVITIES	2003 £	2002 £
(a) Analysis of charge in year:-		
Current Tax		
U.K. Corporation Tax on profits	377,686	-
Adjustments in respect of prior periods	(4,577)	-
	<hr/>	<hr/>
	373,109	-
Deferred Tax		
Origination and reversal of timing differences	44,956	(102,955)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>418,065</u>	<u>(102,955)</u>
(b) Factors affecting tax charge for the period:-		
The tax assessed for the period is less than the standard rate of Corporation Tax in the U.K. The differences are explained below:-		
Profit on ordinary activities before tax	<u>1,325,615</u>	<u>428,684</u>
Profit at standard rate of Corporation Tax	397,685	128,605
Expenses not deductible for tax purposes	26,304	12,599
Capital allowances in excess of depreciation	(14,121)	(23,577)
IBA to be repaid	-	92,894
Gain on Sale of Fixed Assets	(301,375)	(220,184)
Capital Gain	313,070	-
Difference on tax rates for group relief	(8,402)	-
Unutilised tax losses	-	9,663
Tax losses brought forward	(35,475)	-
Adjustments to tax in respect of prior periods	(4,577)	-
	<hr/>	<hr/>
	<u>373,109</u>	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Plant and Equipment £	Motor Vehicles £	Furniture & Fittings £	Total £
a) GROUP					
Cost					
At 1 st November 2002	948,108	3,421,607	396,538	138,701	4,904,954
Additions	592	243,462	83,670	402	328,126
Disposals during year	(128,024)	-	(62,900)	-	(190,924)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st October 2003	<u>820,676</u>	<u>3,665,069</u>	<u>417,308</u>	<u>139,103</u>	<u>5,042,156</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

8. TANGIBLE FIXED ASSETS (Contd.)

	Freehold Land and Buildings £	Plant and Equipment £	Motor Vehicles £	Furniture & Fittings £	Total £
a) GROUP (Contd.)					
Depreciation					
At 1 st November 2002	69,164	1,663,752	254,668	72,304	2,059,888
Eliminated in respect of Disposals	(5,892)	-	(50,094)	-	(55,986)
Charge for year	22,476	290,890	50,540	6,672	370,578
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st October 2003	<u>85,748</u>	<u>1,954,642</u>	<u>255,114</u>	<u>78,976</u>	<u>2,374,480</u>
Net Book Values					
At 31 st October 2003	<u>734,928</u>	<u>1,710,427</u>	<u>162,194</u>	<u>60,127</u>	<u>2,667,676</u>
At 31 st October 2002	<u>878,944</u>	<u>1,757,855</u>	<u>141,870</u>	<u>66,397</u>	<u>2,845,066</u>

Included in the amounts for fixed assets above are the following amounts relating to assets held under finance leases and Hire Purchase agreements:-

	Land and Buildings £	Plant and Equipment £	Motor Vehicles £	Total £
GROUP AND COMPANY				
Depreciation charge for year	<u>-</u>	<u>140,028</u>	<u>28,952</u>	<u>168,980</u>
Net Book Value at 31 st October 2003	<u>-</u>	<u>809,263</u>	<u>96,327</u>	<u>905,590</u>
Net Book Value at 31 st October 2002	<u>-</u>	<u>967,544</u>	<u>68,781</u>	<u>1,036,325</u>

b) PARENT COMPANY

	Freehold Land and Buildings £	Plant and Equipment £	Motor Vehicles £	Total £
Cost				
At 1 st November 2002	948,108	3,421,607	396,538	4,766,253
Additions	592	241,332	83,670	325,594
Disposals during year	(128,024)	-	(62,900)	(190,924)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st October 2003	<u>820,676</u>	<u>3,662,939</u>	<u>417,308</u>	<u>4,900,923</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

8. TANGIBLE FIXED ASSETS (Contd.)

b) PARENT COMPANY (Contd.)

	Freehold Land and Buildings £	Plant and Equipment £	Motor Vehicles £	Total £
Depreciation				
At 1 st November 2002	69,164	1,663,752	254,668	1,987,584
Eliminated in respect of Disposals	(5,892)	-	(50,094)	(55,986)
Charge for year	22,476	290,890	50,540	363,906
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 st October 2003	<u>85,748</u>	<u>1,954,642</u>	<u>255,114</u>	<u>2,295,504</u>
Net Book Values				
At 31 st October 2003	<u>734,928</u>	<u>1,708,297</u>	<u>162,194</u>	<u>2,605,419</u>
At 31 st October 2002	<u>878,944</u>	<u>1,757,855</u>	<u>141,870</u>	<u>2,778,669</u>

9. INVESTMENTS/INVESTMENTS IN SUBSIDIARIES

	GROUP		COMPANY	
	2003 £	2002 £	2003 £	2002 £
Investments in Subsidiaries:-				
Cost of Investments brought forward	-	-	66,451	66,450
Additions	-	-	-	1
Write Down	-	-	(26,448)	(26,448)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	40,003	40,003
Unlisted Investments, at cost	134,550	220,056	134,550	220,056
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>134,550</u>	<u>220,056</u>	<u>174,553</u>	<u>260,059</u>

The following Companies are wholly owned Subsidiaries of Bone Group Limited, and all are registered in Scotland:-

Name of Company

Nature of Business

Bone Steel Limited

Steel Fabrication

Bonetech Limited

IT Consultancy

Enob Fire Limited

Shotblasting and Painting

ZBS Buildings Limited

Non-Trading

Bone Industries Limited

Non-Trading

Skelton Onsite Limited

Site Services and Plant Hire

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

10. STOCKS

	GROUP		COMPANY	
	2003	2002	2003	2002
	£	£	£	£
Raw Materials and Consumables	244,323	146,741	-	-
Work-in-Progress	2,956,965	2,672,309	-	-
Long term contract balances				
Net costs less foreseeable losses	530,176	-	-	-
	<u>3,731,464</u>	<u>2,819,050</u>	<u>-</u>	<u>-</u>

11. DEBTORS

Trade Debtors	3,653,209	3,960,934	-	-
Amounts receivable from Group Undertakings	-	-	367,474	196,811
Other Debtors	28,749	155,778	10,651	151,652
Prepayments	168,107	160,865	11,901	11,901
	<u>3,850,065</u>	<u>4,277,577</u>	<u>390,026</u>	<u>360,364</u>

12. CREDITORS - Amounts falling due within one year

	GROUP		COMPANY	
	2003	2002	2003	2002
	£	£	£	£
Bank Overdraft (Secured)	-	61,106	-	-
Bank Loan	-	31,299	-	31,299
Trade Creditors	4,482,291	4,192,698	-	-
Amounts owed to Group Undertakings	-	-	1,341,370	854,084
Corporation Tax	373,109	-	209,154	-
Other Taxation and Social Security	567,465	227,259	-	-
Other Creditors	144,039	64,877	77,557	10,474
Hire Purchase and Lease Obligations	288,913	248,355	288,913	248,355
Accruals	1,128,004	1,173,039	4,700	32,728
	<u>6,983,821</u>	<u>5,998,633</u>	<u>1,921,694</u>	<u>1,176,940</u>

The Bank loan and overdraft are secured by fixed and floating charges over the assets of the Group Companies and by guarantees from Group Companies.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

13. CREDITORS - Amounts falling due after more than one year

	GROUP		COMPANY	
	2003	2002	2003	2002
	£	£	£	£
Bank Loan	-	241,586	-	241,586
Hire Purchase and Lease Obligations	308,788	534,107	308,788	534,107
	<u>308,788</u>	<u>775,693</u>	<u>308,788</u>	<u>775,693</u>
H.P. and Lease obligations fall due as follows:-				
Within one year	288,913	248,355	288,913	248,355
Within two to five years	308,788	534,107	308,788	534,107
Over five years	-	-	-	-
	<u>597,701</u>	<u>782,462</u>	<u>597,701</u>	<u>782,462</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Tax	2003	2002
	£	£
a) Group		
Provision has been made for Corporation Tax at 30% on timing differences.		
Accelerated capital allowances	228,458	223,520
Tax losses carried forward	-	(40,018)
	<u>228,458</u>	<u>183,502</u>
Provision at start of year	183,502	286,457
Deferred tax charge/(credit) in Profit and Loss Account for year	44,956	(102,955)
	<u>228,458</u>	<u>183,502</u>
Provision at end of year	<u>228,458</u>	<u>183,502</u>

b)/

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

14. PROVISIONS FOR LIABILITIES AND CHARGES (Contd.)

	2003 £	2002 £
b) Parent Company		
Provision has been made for Corporation Tax at 30% on timing differences.		
Accelerated capital allowances	215,827	210,913
Tax losses carried forward	-	(30,357)
	<u>215,827</u>	<u>180,556</u>
Provision at start of year	180,556	274,208
Deferred tax charge/(credit) in Profit and Loss Account for year	35,271	(93,652)
	<u>215,827</u>	<u>180,556</u>
Provision at end of year	<u>215,827</u>	<u>180,556</u>

15. SHARE CAPITAL

Authorised		
Ordinary Shares of £1 each	<u>150,000</u>	<u>150,000</u>
Issued Fully Paid		
Ordinary Shares of £1 each	<u>60,000</u>	<u>60,000</u>

16. RESERVES

	Profit and Loss Account £	Share Premium Account £
a) Group		
As at 1st November 2002	3,133,158	15,000
Profit for the year	187,550	-
	<u>3,320,708</u>	<u>15,000</u>
As at 31st October 2003	<u>3,320,708</u>	<u>15,000</u>
b) Parent Company		
As at 1st November 2002	1,893,955	15,000
Loss for the year	(167,002)	-
	<u>1,726,953</u>	<u>15,000</u>
As at 31st October 2003	<u>1,726,953</u>	<u>15,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

17. OBLIGATIONS UNDER OPERATING LEASES

At 31st October 2003 there were annual commitments for operating leases which expire as follows:-

	GROUP		COMPANY	
	2003	2002	2003	2002
	£	£	£	£
Land and Buildings				
Within one year	10,000	-	10,000	-
Within one to two years	-	10,000	-	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
Plant, Equipment and Vehicles				
Within one year	37,041	27,963	-	-
Within one to two years	66,278	55,946	-	-
Within two to five years	29,083	60,454	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

18. CAPITAL COMMITMENTS

	2003	2002
	£	£
Capital expenditure authorised but not contracted for	<u>129,000</u>	<u>-</u>

19. PENSION SCHEMES

The Company operates a number of defined contribution Pension Schemes. The assets of the Schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £121,279 (2002 - £485,574).

No contributions were payable to the funds at the Balance Sheet date.

20. CASH FLOW STATEMENT

	2003	2002
	£	£
a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities		
Operating Profit/(Loss)	398,138	(192,640)
Depreciation	370,578	328,148
(Increase) in Stock	(912,414)	(537,509)
Decrease/(Increase) in Debtors	427,512	(124,266)
Increase/(Decrease) in Creditors	1,037,035	(549,011)
	<hr/>	<hr/>
	<u>1,320,849</u>	<u>(1,075,278)</u>

b)/

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

FOR THE YEAR ENDED 31st OCTOBER 2003

20. CASH FLOW STATEMENT (Contd.)	2003 £	2002 £		
b) Reconciliation of Net Cash Flow to Movement in Net Debt				
(Decrease)/Increase in Cash in the year	589,889	(245,210)		
Cash Outflow from Debt and Lease Financing	545,210	324,655		
	<hr/>	<hr/>		
Change in Net Debt resulting from Cash Flows	1,135,099	79,445		
New Hire Purchase and Finance Lease Obligations	(87,564)	(457,020)		
	<hr/>	<hr/>		
Movement in Net Debt in the year	1,047,535	(377,575)		
Net Debt at 1st November 2002	(1,112,216)	(734,641)		
	<hr/>	<hr/>		
Net Debt at 31st October 2003	<u>(64,681)</u>	<u>(1,112,216)</u>		
c) Analysis of Changes in Net Debt				
	At 01.11.02 £	Cash Flows £	Other Changes £	At 31.10.03 £
Cash at Bank and on Hand	(56,869)	589,889	-	533,020
Debt due within one year	(31,299)	272,885	(241,586)	-
Debt due after one year	(241,586)	-	241,586	-
Finance Leases and Hire Purchase Creditors	(782,462)	272,325	(87,564)	(597,701)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(1,112,216)</u>	<u>1,135,099</u>	<u>(87,564)</u>	<u>(64,681)</u>

During the year, the Company entered into Hire Purchase arrangements in respect of assets with a total capital value at the inception of the contracts of £87,564 (2002 - £457,020).

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	2003 £	2002 £	2003 £	2002 £
Profit/(Loss) for the Financial Year	187,550	531,639	(167,002)	512,021
Opening Shareholders' Funds	3,208,158	2,676,519	1,968,955	1,456,934
	<hr/>	<hr/>	<hr/>	<hr/>
Closing Shareholders' Funds	<u>3,395,708</u>	<u>3,208,158</u>	<u>1,801,953</u>	<u>1,968,955</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)**FOR THE YEAR ENDED 31st OCTOBER 2003****22. CONTINGENT LIABILITIES**

The Company has provided an unlimited guarantee to its bankers in respect of overdrafts granted to Group Companies. These loans and overdraft facilities are secured by fixed and floating charges over the assets of the Group Companies. It has also provided guarantees to certain third parties of the obligations of Group Companies.

23. RELATED PARTY TRANSACTIONS

The company sponsored two racehorses owned by Mrs. L. Bone, a shareholder and the wife of Mr. A.A.H. Bone, a Director, at a cost of £18,000 during the year.