

**Charcol Aitchison & Colegrave Limited**  
**(formerly Aitchison & Colegrave Group Limited)**  
**Report and Financial Statements**

31 July 2003



# Charcol Aitchison & Colegrave Limited

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Registered No: SC082035

## **Directors**

I S Darby  
C J Rodrigues  
R P Thorne

## **Secretary**

A F Shankley

## **Auditors**

Ernst & Young LLP  
George House  
50 George Square  
Glasgow  
G2 1RR

## **Bankers**

The Royal Bank of Scotland plc  
9 Clifton Place  
Charing Cross West  
Glasgow  
G3 7JU

## **Solicitors**

McGrigor Donald  
Pacific House  
70 Wellington Street  
Glasgow  
G2 6SB

## **Registered Office**

10 Park Circus  
Glasgow  
G3 6AX

## Directors' report

The directors present their report and financial statements for the year ended 31 July 2003.

### Results and dividends

The profit for the year after taxation amounted to £237,172. Dividends amounting to £293 were paid during the year. The directors propose no final dividend be paid which leaves a profit of £236,879 to be retained and carried forward.

### Principal activity

The company's principal activity during the year was that of independent financial advisors, specifically the provision of investment, tax and financial planning advisory, management and broking services for individuals, partnerships and companies.

Under the Financial Services Act 1986, investment advice can only be given by individuals or organisations, which are licensed to do so by regulatory bodies. The company is regulated and governed by the rules of the Financial Services Authority ("FSA").

### Review of the business

During the period, in the opinion of the directors, the company performed satisfactorily against a background of difficult trading conditions. Whilst stock markets began a recovery during the last quarter, investor sentiment was slower to respond and accordingly revenue generated by new investment business was adversely affected. In addition Investment Management fee income was impacted as existing funds under management declined for much of the year, recovering again only in the last quarter. However the company's policy of diversification and more importantly the ability to execute any change in strategy relatively quickly and effectively resulted, in further growth in a number of areas, notably in relation to pensions business including group pensions and employee benefits. The Client Care Service continued to achieve growth and this together with considerable expansion of our Pension Fund Management Service contributed considerably to our overall recurring income, which now represents 30% of total revenue. Overall revenue fell by 4% but relative to the IFA sector the company performed extremely well. Profits also fell mainly due to adverse trading conditions but also due to further costs in finalising the Pensions review and FSVC review. The company consolidated as the leading privately owned IFA in Scotland and further improved its ranking in the UK Top 50. During the year the company also achieved re-accreditation for the second time in connection with the Investors in People award in recognition of the company's continued commitment to training and development of all employees. In the opinion of the directors the company is well placed to take full advantage of the upturn in market conditions, which appear to be taking place.

The directors believe that the changes imposed by the Government will create major opportunities for the IFA sector and that the company is well placed to capitalise on these opportunities to increase market share. Reinvestment of profits in the business, both in relation to technology and people has created a strong infrastructure and platform for further profitable growth. However the former directors believed that substantial further growth was more likely to be achieved within a larger organisation. Following extensive research and analysis of the market place, negotiations were completed in September 2003 for the acquisition of the company by Bradford and Bingley plc. The directors believe that the combination of the company's innovative and entrepreneurial culture, together with the financial strength and profile of a FTSE 100 company, fully committed to providing high quality independent financial advice, based on a client focussed, holistic financial planning approach, will facilitate the creation of a new wealth management business with the scale necessary to fully capitalise on the opportunities currently available.

On 27 October 2003 the name of the company was changed from Aitchison & Colegrave Group Limited to Charcol Aitchison & Colegrave Limited.

## Directors' report

### Directors and their interests

The directors at 31 July 2003 and their interests in the ordinary £1 shares of the company were as follows:

	<i>At 31 July 2003</i>		<i>At 1 August 2002</i>	
	<i>As Trustee</i>	<i>Beneficial</i>	<i>As Trustee</i>	<i>Beneficial</i>
B Aitchison	12,674	14,992	12,674	15,258
D P Noblett	-	6,294	-	6,294
J D Barr	-	1,068	-	1,068
J McKirdy	-	-	-	-
A Cowan	-	733	-	467

All of the above directors resigned from the board on 29 September 2003.

C J Rodrigues, I S Darby and R P Thorne were appointed directors on 29 September 2003.

### Directors' and officers' liability insurance

During the year the company maintained liability insurance for its directors and officers as permitted by section 310(3) of the Companies Act 1985.

### Political and charitable contributions

During the year the company made various charitable contributions totalling £1,120. No political contributions were made during the year.

### Auditors

Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

On behalf of the board

I S Darby  
Director



3 December 2003

## **Statement of directors' responsibilities in respect of the financial statements**

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 profit or loss of the company 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; 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report**

### **to the members of Charcol Aitchison & Colegrave Limited**

We have audited the company's financial statements for the year ended 31 July 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 27. These financial statements have been prepared on the basis of 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 United Kingdom law and 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 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 as at 31 July 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Glasgow

3 December 2003

## Profit and loss account

for the year ended 31 July 2003

	Notes	2003 £	2002 £
<b>Turnover</b>	2		
Commissions receivable		2,819,820	2,972,406
Renewal commissions		648,701	663,432
Management fees		465,698	513,523
		<u>3,934,219</u>	<u>4,149,361</u>
<b>Administrative expenses</b>			
General administrative expenses		3,514,225	3,542,626
Pension and FSAVC review costs		159,200	169,697
		<u>3,673,425</u>	<u>3,712,323</u>
<b>Operating profit</b>	3	260,794	437,038
Other income	6	4,590	8,429
		<u>265,384</u>	<u>445,467</u>
Interest receivable	7	77,266	96,100
		<u>342,650</u>	<u>541,567</u>
<b>Profit for the year before interest charges</b>			
Interest payable	8	(31,716)	(40,328)
		<u>310,934</u>	<u>501,239</u>
<b>Profit on ordinary activities before taxation</b>	9(b)	310,934	501,239
Tax on profit on ordinary activities	9(a)	(73,762)	(142,982)
		<u>237,172</u>	<u>358,257</u>
<b>Profit on ordinary activities after taxation</b>	22	237,172	358,257
Dividends	10/22	(293)	(99,927)
		<u>236,879</u>	<u>258,330</u>
<b>Retained profit for the year</b>			
		<u>236,879</u>	<u>258,330</u>

## Statement of total recognised gains and losses

for the year ended 31 July 2003

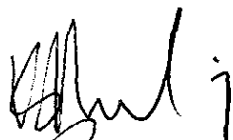
The company had no recognised gains and losses other than the profit of £237,172 in the year ended 31 July 2003 and £358,257 in the year ended 31 July 2002.

**Balance sheet**

at 31 July 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Intangible assets	11	750	1,750
Tangible assets	12	890,594	1,006,983
Investments	13	7,307	7,307
		<u>898,651</u>	<u>1,016,040</u>
<b>Current assets</b>			
Debtors	14	919,020	1,424,093
Cash at bank and in hand	15/20	2,078,801	2,230,185
		<u>2,997,821</u>	<u>3,654,278</u>
<b>Creditors:</b> amounts falling due within one year	16	(779,866)	(1,752,650)
		<u>2,217,955</u>	<u>1,901,628</u>
<b>Net current assets</b>			
		<u>3,116,606</u>	<u>2,917,668</u>
<b>Total assets less current liabilities</b>			
		<u>3,116,606</u>	<u>2,917,668</u>
<b>Creditors:</b> amounts falling due after more than one year	17	(390,800)	(449,515)
		<u>2,725,806</u>	<u>2,468,153</u>
<b>Provision for liabilities and charges</b>			
Deferred taxation	9(d)	(22,256)	(1,482)
		<u>2,703,550</u>	<u>2,466,671</u>
<b>Capital and reserves</b>			
Called up share capital	21/22	35,761	35,761
Share premium account	22	113,649	113,649
Capital redemption reserve	22	25,000	25,000
Revaluation reserve	22	213,029	218,826
Profit and loss account	22	2,316,111	2,073,435
		<u>2,703,550</u>	<u>2,466,671</u>
<b>Equity shareholders' funds</b>			
		<u>2,703,550</u>	<u>2,466,671</u>

I S Darby



Director

R P Thorne



Director

3 December 2003



# Statement of cash flows

for the year ended 31 July 2003

	Notes	2003 £	2002 £
<b>Net cash inflow/(outflow) from operating activities</b>	3(b)	323,874	(166,880)
<b>Returns on investment and servicing of finance</b>			
Rental income		4,590	8,429
Interest received		74,918	103,547
Interest paid		(23,214)	(27,605)
Interest element of hire purchase payments		(8,713)	(13,349)
<b>Net cash inflow from returns on investments and servicing of finance</b>		47,581	71,022
<b>Taxation</b>			
Corporation tax (paid)		(166,880)	(187,915)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(61,888)	(43,277)
Receipts from sale of tangible fixed assets		59,992	60,032
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>		(1,896)	16,755
<b>Equity dividends (paid)</b>		(100,489)	(99,927)
<b>Net cash inflow/(outflow) before financing</b>		102,190	(366,945)
<b>Financing</b>			
Issue of ordinary shares		-	20,000
Repayments of capital element of hire purchase contracts		(67,223)	(54,594)
Repayment of bank loan		(7,942)	(44,308)
<b>Net cash (outflow) from financing</b>		(75,165)	(78,902)
<b>Increase/(decrease) in cash</b>		27,025	(445,847)
<b>Reconciliation of net cash to movement in net funds</b>	20		
Increase/(decrease) in cash in the year		27,025	(445,847)
Cash net flow from increase in debt and hire purchase financing		75,165	98,902
		102,190	(346,945)
New hire purchase contracts		-	(17,995)
Movement in net funds in the year		102,190	(364,940)
Net funds at 1 August		1,454,879	1,819,819
Net funds at 31 July		1,557,069	1,454,879

## Notes to the financial statements

for the year ended 31 July 2003

### 1. Accounting policies

#### ***Basis of preparation and change in accounting policy***

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The financial statements are prepared in accordance with applicable accounting standards.

No new accounting standards have been adopted in the year.

#### ***Goodwill***

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Prior to 31 July 1998, in certain circumstances goodwill arising on acquisition was written off directly to reserves.

#### ***Depreciation***

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation less estimated residual value, of each asset over its expected useful life, on a monthly basis, as follows:

Enterprise Zone property	-	2% straight line
Freehold land and buildings	-	2% straight line
Office furniture and fittings	-	10% reducing balance
Computers and office equipment	-	20% reducing balance
Motor vehicles	-	25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### ***Deferred taxation***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax, with the exception of deferred tax assets which are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

#### ***Leasing and hire purchase commitments***

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income as incurred.

## Notes to the financial statements

for the year ended 31 July 2003

### 1. Accounting policies (continued)

#### *Commission income*

Initial commission is credited to the profit and loss account when it becomes receivable. Renewal commission is recognised when it is received. No provision is made for the clawback of indemnity commission received.

#### *Pensions*

The company operates defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

### 2. Turnover

Turnover is attributable to one continuing activity, that of independent financial advisors, specifically the provision of investment tax and financial planning advisory, management and broking services. Turnover represents total brokerage and fees receivable in respect of these services. All turnover was generated within the United Kingdom.

### 3. Operating profit

(a) This is stated after charging:

	2003 £	2002 £
Depreciation of owned assets	77,324	96,247
Depreciation of assets held under hire purchase contracts	36,781	54,396
	<hr/>	<hr/>
	114,015	150,643
Loss on disposal of tangible fixed assets	4,270	6,264
Amortisation of goodwill	1,000	1,000
Auditors' remuneration:		
- audit services	8,400	7,400
- other services	76,620	60,290
Operating lease rentals:		
- plant and equipment	35,199	33,831
- land and buildings	66,788	61,494
	<hr/>	<hr/>

(b) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities:

	2003 £	2002 £
Operating profit	260,794	437,038
Depreciation	114,015	150,643
Loss on disposal of tangible fixed assets	4,270	6,264
Amortisation of goodwill	1,000	1,000
Decrease/(increase) in debtors	507,421	(731,996)
(Decrease) in creditors	(563,626)	(29,829)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	323,874	(166,880)
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## Notes to the financial statements

for the year ended 31 July 2003

### 4. Directors' remuneration

	2003 £	2002 £
Emoluments	572,802	564,950
Money purchase pension scheme contributions	49,934	108,851
	2003 No.	2002 No.
Members of money purchase pension schemes	4	4

The emoluments of the highest paid director were £172,449 (2002 - £174,807). Payments to the defined contribution pension scheme on his behalf amounted to £24,000 (2002 - £23,696).

### 5. Staff costs

	2003 £	2002 £
Wages, salaries and commission	2,085,808	2,058,030
Social security costs	212,746	192,145
Other pension costs	78,643	133,438
	2,377,197	2,383,613

The average weekly number of employees during the year, including executive directors, was as follows:

	2003 No.	2002 No.
Office and management	66	64

### 6. Other income

	2003 £	2002 £
Rental income	4,590	8,429

## Notes to the financial statements

for the year ended 31 July 2003

### 7. Interest receivable

	2003 £	2002 £
Bank deposit interest	77,121	96,087
Other interest	145	13
	<u>77,266</u>	<u>96,100</u>

### 8. Interest payable

	2003 £	2002 £
Bank loan and overdraft interest	23,003	26,979
Finance charges payable under hire purchase contracts	8,713	13,349
	<u>31,716</u>	<u>40,328</u>

### 9. Taxation on profit on ordinary activities

(a) Tax on profit on ordinary activities:

The tax charge is made up as follows:

	Notes	2003 £	2002 £
<i>Current tax:</i>			
UK corporation tax		53,717	167,609
Tax (over) provided in prior years		(729)	(256)
	9(b)	<u>52,988</u>	<u>167,353</u>
<i>Deferred tax:</i>			
Origination and reversal of timing differences	9(d)	20,774	(24,371)
		<u>73,762</u>	<u>142,982</u>

## Notes to the financial statements

for the year ended 31 July 2003

### 9. Taxation on profit on ordinary activities (continued)

(b) Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year is lower (2002 – higher) than the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are reconciled below:

	2003	2002
Notes	£	£
Profit on ordinary activities before tax	310,934	501,239
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	93,280	150,371
Effect of:		
Disallowed expenses and non-taxable income	12,254	15,258
Fixed asset timing differences	(9,917)	15,071
Other timing differences	(10,800)	9,300
Adjustments in respect of previous periods	(729)	(256)
Adjustment to small company's rate	(31,100)	(22,391)
9(a)	52,988	167,353

(c) Factors that may affect future tax charges:

No deferred taxation is provided for the tax that would be due if the revalued assets were sold for their revalued amounts. The tax (at 30%) not provided amounts to £80,159 (2002 - £84,479).

(d) Deferred taxation:

	2003	2002
Notes	£	£
Capital allowances in advance of depreciation	22,256	12,282
Other differences in recognising revenue and expense items in other periods for taxation purposes	-	(10,800)
	22,256	1,482
At 1 August	1,482	25,853
Deferred tax charge/(credit) to profit and loss account		
- current year	20,717	(24,371)
- prior year	57	-
9(a)	20,774	(24,371)
At 31 July	22,256	1,482

## Notes to the financial statements

for the year ended 31 July 2003

### 10. Dividends

	2003 £	2002 £
Proposed final dividend of £Nil per share (2002 - £2.810)	-	99,927
Under provision of prior year's dividend	293	-
	<u>293</u>	<u>-</u>

### 11. Intangible assets

	Goodwill £
Cost:	
At 1 August 2002 and 31 July 2003	20,000
Amortisation:	
At 1 August 2002	18,250
Amortised during the year	1,000
	<u>19,250</u>
At 31 July 2003	19,250
Net book amount:	
At 31 July 2003	750
	<u>750</u>
At 1 August 2002	1,750
	<u>1,750</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 20 years.

## Notes to the financial statements

for the year ended 31 July 2003

### 12. Tangible fixed assets

	<i>Enterprise zone property £</i>	<i>Freehold land and buildings £</i>	<i>Office furniture and fittings £</i>	<i>Computers and office equipment £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost or valuation:						
At 1 August 2002	85,000	593,062	169,082	435,043	374,865	1,657,052
Additions	-	-	6,897	54,991	-	61,888
Disposals	-	-	-	-	(179,292)	(179,292)
At 31 July 2003	85,000	593,062	175,979	490,034	195,573	1,539,648
Made up:						
Cost	85,000	93,062	175,979	490,034	195,573	1,039,648
Valuation	-	500,000	-	-	-	500,000
	85,000	593,062	175,979	490,034	195,573	1,539,648
Depreciation:						
At 1 August 2002	19,125	130,567	66,948	254,982	178,447	650,069
Provided during the year	1,700	11,861	10,622	48,495	41,337	114,015
Disposals	-	-	-	-	(115,030)	(115,030)
At 31 July 2003	20,825	142,428	77,570	303,477	104,754	649,054
Net book value:						
At 31 July 2003	64,175	450,634	98,409	186,557	90,819	890,594
Net book value:						
At 1 August 2002	65,875	462,495	102,134	180,061	196,418	1,006,983

The net book value of motor vehicles includes £73,652 (2002 - £170,688) relating to assets held under current hire purchase contracts.

The freehold land and buildings owned at 30 April 1990 were valued on the open market value for existing use basis as at that date by Gerald Eve, Chartered Surveyors. The directors have followed the transitional provisions of FRS 15 and therefore the valuation has not been updated. Had these properties not been revalued freehold land and buildings would have been included in the financial statements at its historical cost as follows:

	<i>2003 £</i>	<i>2002 £</i>
Cost	303,225	303,225
Aggregate depreciation	(65,620)	(59,556)
Net book value	237,605	243,669



## Notes to the financial statements

for the year ended 31 July 2003

### 12. Tangible fixed assets (continued)

The directors are unable to determine with any degree of accuracy the cost or valuation of land contained within freehold land and buildings. However, they considered the amounts to be immaterial and accordingly all of the cost or valuation of freehold land and buildings has been depreciated.

### 13. Investments

	<i>Subsidiary undertakings</i>	<i>Other unlisted investments</i>	<i>Total</i>
	£	£	£
Cost and net book value: At 1 August 2002 and 31 July 2003	306	7,001	7,307

#### *Subsidiary undertakings*

The company owns 100% of the shares of the following companies:

Aitchison and Colegrave Mortgage Services Limited  
Aitchison and Colegrave Financial Services Limited  
Aitchison and Colegrave Investment Management Services Limited  
Aitchison and Colegrave Pension Services Limited  
Aitchison and Colegrave Trustees Limited

All the companies, which are incorporated in Scotland, have been dormant since incorporation, accordingly no group financial statements are required.

### 14. Debtors

	<i>2003</i>	<i>2002</i>
	£	£
Due within one year:		
Trade debtors	412,407	385,771
Prepayments and accrued income	95,968	196,085
Other debtors	410,645	842,237
	<u>919,020</u>	<u>1,424,093</u>

## Notes to the financial statements

for the year ended 31 July 2003

### 15. Cash at bank and in hand

In addition to the cash and bank balances included in the financial statements, the company also held monies on behalf of clients which do not form part of the assets of the company nor do the liabilities due to the clients. These were as follows:

	2003 £	2002 £
Clients' bank accounts	993,693	1,280,242
Clients' accounts	993,693	1,280,242

### 16. Creditors: amounts falling due within one year

	Notes	2003 £	2002 £
Bank loans	19	-	7,942
Bank overdraft	20	72,217	250,626
Trade creditors		86,142	122,758
Obligations under hire purchase contracts	18	58,715	67,223
Other creditors		306	306
Corporation tax payable		53,717	167,609
Other taxes and social security costs		87,690	84,392
Accruals		421,079	951,598
Dividends payable		-	100,196
		779,866	1,752,650

Included in accruals are outstanding contributions due to money purchase pension schemes of £Nil (2002 - £36,000).

### 17. Creditors: amounts falling due after more than one year

	Notes	2003 £	2002 £
Obligations under hire purchase contracts	18	3,800	62,515
Bank loans	19	387,000	387,000
		390,800	449,515

## Notes to the financial statements

for the year ended 31 July 2003

### 18. Obligations under hire purchase contracts

The maturity of these amounts is as follows:

	2003 £	2002 £
Payments due within one year	62,880	76,112
Payments due between two and five years	4,117	67,001
	<u>66,997</u>	<u>143,113</u>
Less: finance charges allocated to future periods	(4,482)	(13,375)
	<u>62,515</u>	<u>129,738</u>

Hire purchase contracts are analysed as follows:

	2003 £	2002 £
Current obligations	58,715	67,223
Non-current obligations	3,800	62,515
	<u>62,515</u>	<u>129,738</u>

### 19. Loans

	Notes	2003 £	2002 £
Bank term loans		387,000	394,942
Details of bank loans:			
Bank loan with interest payable at bank base rate plus 1½%. Repayable in full April 2008. Secured on the company's freehold land and buildings		300,000	300,000
Bank loan with interest payable at bank base rate plus 1¾%. Repaid in full September 2002. Secured on the company's Enterprise Zone property		-	7,942
Bank loan with interest payable at bank base rate plus 1½%. Repayable in full May 2008. Secured on the company's freehold land and buildings		87,000	87,000
		<u>387,000</u>	<u>394,942</u>
Less: Creditors: amounts falling due within one year	16	-	7,942
	17	<u>387,000</u>	<u>387,000</u>

# Notes to the financial statements

for the year ended 31 July 2003

## 20. Analysis of net funds

	<i>At 1 August 2002</i> £	<i>Cash flow</i> £	<i>Non cash changes</i> £	<i>At 31 July 2003</i> £
Cash at bank	2,230,185	(151,384)	-	2,078,801
Bank overdraft	(250,626)	178,409	-	(72,217)
	<u>1,979,559</u>	<u>27,025</u>	<u>-</u>	<u>2,006,584</u>
Debt due within one year	(7,942)	7,942	-	-
Debt due after one year	(387,000)	-	-	(387,000)
Hire purchase contracts	(129,738)	67,223	-	(62,515)
	<u>(524,680)</u>	<u>75,165</u>	<u>-</u>	<u>(449,515)</u>
	<u>1,454,879</u>	<u>102,190</u>	<u>-</u>	<u>1,557,069</u>

## 21. Share capital

	<i>2003 No.</i>	<i>Authorised 2002 No.</i>	<i>Allotted, called up and fully paid 2003 £</i>	<i>2002 £</i>
Ordinary shares of £1 each	70,000	70,000	35,761	35,761

At the balance sheet date there existed an option to subscribe for 4,294 ordinary shares at a price of £30 per share. This option was exercised after the end of the financial year.

## Notes to the financial statements

for the year ended 31 July 2003

### 22. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £</i>	<i>Share premium account £</i>	<i>Capital redemption reserve £</i>	<i>Revaluation reserve £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 31 July 2001	35,561	93,849	25,000	224,623	1,809,308	2,188,341
Profit for the year	-	-	-	-	358,257	358,257
Dividends	-	-	-	-	(99,927)	(99,927)
Release from revaluation reserve	-	-	-	(5,797)	5,797	-
Issue of ordinary shares	200	19,800	-	-	-	20,000
At 31 July 2002	35,761	113,649	25,000	218,826	2,073,435	2,466,671
Profit for the year	-	-	-	-	237,172	237,172
Dividends	-	-	-	-	(293)	(293)
Release from revaluation reserve	-	-	-	(5,797)	5,797	-
At 31 July 2003	35,761	113,649	25,000	213,029	2,316,111	2,703,550

### 23. Pension commitments

The company operates defined contribution (money purchase) pension schemes for its directors and senior employees. The assets of the schemes are held separately from those of the company in independently administered funds.

### 24. Other financial commitments

At 31 July 2003 the company had annual commitments under the non-cancellable operating leases set out below:

	<i>2003 £</i>	<i>Land and buildings 2002 £</i>	<i>2003 £</i>	<i>Other 2002 £</i>
Operating leases which expire:				
Within one year	2,812	6,167	-	-
In the second to fifth years inclusive	-	-	27,688	25,528
	2,812	6,167	27,688	25,528

### 25. Transactions with directors

- During the year, professional fees totalling £42,558, in relation to the acquisition of the company after the period end, were incorrectly invoiced to and were paid by the company. These fees, which should have been invoiced to the then shareholders, are included within other debtors at 31 July 2003 and were repaid by them on 26 September 2003.
- During the year, motor vehicles owned by the company were sold to the executive directors. The proceeds totalling £46,842, represented the market value of the vehicles as assessed by an independent source.

## **Notes to the financial statements**

**for the year ended 31 July 2003**

### **26. Related parties**

There are no related party transactions required to be disclosed under the provisions of FRS 8.

During the year under review, the company was controlled by B Aitchison, the Chairman and Managing Director.

### **27. Events since the balance sheet date**

Since the end of the year the company has become a subsidiary of Bradford & Bingley plc, a company registered in England and Wales. The directors recognise this company to now be the ultimate holding company.

On 27 October 2003, the name of the company was changed from Aitchison & Colegrave Group Limited to Charcol Aitchison & Colegrave Limited.