

# Multifabs Survival Limited

## Report and Financial Statements

31 December 2002



# Multifabs Survival Limited

Registered No: 188500

## Directors

Neil I Allanach  
George T Hutcheon  
Gordon M McLellan  
Keith J Walton

## Secretary

Pauline A MacLennan

## Auditors

Ernst & Young LLP  
50 Huntly Street  
Aberdeen  
AB10 1ZN

## Bankers

Clydesdale Bank  
1 Queens Cross  
Aberdeen  
AB15 4XU

## Solicitors

Ledingham Chalmers  
Johnstone House  
52-54 Rose Street  
Aberdeen  
AB10 1HA

## Registered Office

Johnstone House  
52-54 Rose Street  
Aberdeen  
AB10 1HA

 ERNST & YOUNG

## Directors' report

The directors present their report and accounts for the year ended 31 December 2002.

### Results and dividends

The profit for the year after taxation, amounted to £249,456. The directors recommend a final A ordinary dividend amounting to £30,395 and a final ordinary dividend amounting to £28,495. Preference dividends of £96,000 were also paid during the year

### Principal activities, review of the business and future developments

The company's principal activities during the period were the manufacture, sale and servicing of survival suits.

### Directors and their interests

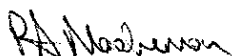
The directors at 31 December 2002 and their interests in the share capital of the company were as follows:

	2002 Ordinary shares	2001 Ordinary shares
Neil I Allanach	53,040	53,040
George T Hutcheon	50,960	50,960
Gordon M McLellan	-	-
John K Walton (appointed 9 July 2002)	-	-

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Pauline A MacLennan  
Secretary

25 March 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; 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 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 Multifabs Survival Limited**

We have audited the company's financial statements for the year ended 31 December 2002 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 26. 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.

**Independent auditors' report**

to the members of Multifabs Survival Limited (continued)

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
Aberdeen

25 March 2003

**Profit and loss account**

for the year ended 31 December 2002

	Notes	2002 £	2001 £
<b>Turnover</b>	2	4,475,307	4,985,123
Cost of sales		3,027,311	2,769,154
<b>Gross profit</b>		1,447,996	2,215,969
Distribution costs		428,031	429,192
Administrative expenses		406,434	405,626
Goodwill written off		106,728	106,728
<b>Operating profit/(loss)</b>	3	506,803	1,274,423
Interest received		-	809
Interest payable	6	(130,579)	(114,372)
<b>Profit on ordinary activities before taxation</b>		376,224	1,160,860
Tax on profit on ordinary activities	7	126,768	369,982
<b>Profit for the financial year</b>		249,456	790,878
<b>Dividends</b>			
Preference dividends on non-equity		96,000	96,000
Ordinary dividends on A ordinary equity shares		30,395	74,411
Ordinary dividends on ordinary equity shares		28,495	71,808
	8	154,890	242,219
<b>Other appropriations: non-equity shares</b>	8	16,125	16,125
<b>Profit retained for the year</b>		78,441	532,534

**Statement of total recognised gains and losses**

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £249,456 in the year ended 31 December 2002 and £790,878 in the year ended 31 December 2001.

**Balance sheet**

at 31 December 2002

	Notes	2002 £	2001 £
<b>Fixed assets</b>			
Intangible assets	9	1,689,812	1,796,540
Tangible assets	10	328,893	313,385
Investments	11	600,001	600,001
		<u>2,618,706</u>	<u>2,709,926</u>
<b>Current assets</b>			
Stocks	12	1,958,453	2,311,384
Debtors	13	932,518	1,307,581
Cash at bank and in hand		635	574
		<u>2,891,606</u>	<u>3,619,539</u>
<b>Creditors:</b> amounts falling due within one year	14	2,329,705	2,867,834
		<u>561,901</u>	<u>751,705</u>
<b>Net current assets</b>			
		<u>3,180,607</u>	<u>3,461,631</u>
<b>Total assets less current liabilities</b>			
<b>Creditors:</b> amounts falling due after more than one year			
Loans	15	686,231	1,077,896
Obligations under finance leases and hire purchase contracts	16	94,549	78,474
		<u>2,399,827</u>	<u>2,305,261</u>
<b>Capital and reserves</b>			
Called up share capital	18	1,404,000	1,404,000
Profit and loss account	20	931,327	852,886
Capital redemption reserve	20	64,500	48,375
<b>Shareholders' Funds:</b>			
Equity		1,199,827	1,105,261
Non-equity		1,200,000	1,200,000
		<u>2,399,827</u>	<u>2,305,261</u>

Neil I Allanach  
Director



25 March 2003



**Cash flow statement**

for the year ended 31 December 2002

	Notes	2002 £	2001 £
<b>Net inflow from operating activities</b>	21	766,120	242,124
<b>Returns on investments and servicing of finance</b>			
Bank overdraft and loan interest		(124,460)	(111,864)
Preference dividend paid		(96,000)	(96,000)
Interest received		-	809
Interest element of finance lease rental repayments		(6,117)	(2,508)
		(226,577)	(209,563)
<b>Taxation</b>			
Corporation tax paid		(125,000)	(184,550)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(47,025)	(165,897)
<b>Equity dividends paid</b>		(146,220)	(75,170)
<b>Financing</b>			
Bank loan obtained		-	720,000
Bank loan wholly repaid		-	(540,957)
Bank loan repayments on current loans		(361,665)	(223,287)
Capital element of finance lease rental payments		(43,161)	(13,078)
		(404,826)	(57,322)
<b>Decrease in cash in year</b>	22	(183,528)	(450,378)

## Notes to the accounts

at 31 December 2002

### 1. Accounting policies

#### **Accounting convention**

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

#### **Depreciation**

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

Leasehold improvements	- 20%
Plant and equipment	- 11%
Fixtures and fittings	- 10%
Computer equipment	- 20 – 33 $\frac{1}{3}$ %
Motor vehicles	- 20%

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials	- purchase cost on a first-in, first-out basis.
Work in progress	- cost of materials
Finished goods	- cost of materials, labour and overheads – finished goods includes rental stock which is written down over periods of 27-60 months

#### **Leased assets**

Rentals payable under operating leases are charged in the profit and loss accounts on a straight line basis over the lease term.

#### **Hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have been passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the period of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

## Notes to the accounts

at 31 December 2002

### 1. Accounting policies (continued)

#### *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 following exceptions:

- provision is made for tax on gains arising from the revaluations (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets 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.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

#### *Pension*

The company operates a defined contributions pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

#### *Goodwill*

Goodwill has been calculated as the difference between the consideration paid for the assets and liabilities of Multifabs (Dormant) Limited and their fair value.

The good will has been capitalised as an asset and amortised on a straight line basis over 20 years (its estimated economic life).

### 2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to one continuing activity, the manufacturing, sale and servicing of survival suits.

An analysis of turnover by geographical market is given below:

	2002 £	2001 £
United Kingdom	3,674,185	4,116,997
Export	801,122	868,126
	<u>4,475,307</u>	<u>4,985,123</u>

## Notes to the accounts

at 31 December 2002

### 3. Operating profit

This is stated after charging:

	2002 £	2001 £
Operating lease rentals - Land and buildings	76,849	66,982
- Hire of plant and machinery	36,134	36,830
Depreciation of owned fixed assets	74,102	85,278
Depreciation of assets held under finance lease	41,415	15,680
Auditors' remuneration	5,710	9,350
	<u>          </u>	<u>          </u>

### 4. Directors' emoluments

	2002 £	2001 £
Directors' emoluments	212,013	180,799
Company pension contributions	23,965	20,393
	<u>          </u>	<u>          </u>
	235,978	201,192
	<u>          </u>	<u>          </u>

Number of directors accruing pension benefits under defined contribution schemes

	2002 No.	2001 No.
	3	2
	<u>          </u>	<u>          </u>

The amounts in respect of the highest paid director are as follows:

	2002 £	2001 £
Emoluments	90,954	87,237
	<u>          </u>	<u>          </u>
Company contributions paid to money purchase pension scheme	11,100	10,576
	<u>          </u>	<u>          </u>

## Notes to the accounts

at 31 December 2002

## 5. Staff costs

	2002	2001
	£	£
Wages and salaries	1,499,167	1,387,034
Social security costs	115,992	113,017
Other pension costs (note 25)	41,969	38,415
	<u>1,657,128</u>	<u>1,538,466</u>

The average weekly number of employees during the period was as follows:

	2002	2001
	No.	No.
Manufacturing and repair	97	89
Sales and distribution	7	6
Administration	5	5
	<u>109</u>	<u>100</u>

## 6. Interest payable

	2002	2001
	£	£
Inland revenue loan interest	6,042	-
Bank loans and overdrafts	118,420	111,864
Finance charges payable under finance leases and hire purchase contracts	6,117	2,508
	<u>130,579</u>	<u>114,372</u>

## 7. Tax on profit on ordinary activities

(a) Analysis of charge in period

	2002	2001
	£	£
Based on the profit for the period	126,768	369,589
Corporation tax under/(over)provided in previous years	-	393
	<u>126,768</u>	<u>369,982</u>

## Notes to the accounts

at 31 December 2002

### 7. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for period

	2002 £	2001 £
Profit on ordinary activities before tax	376,224	1,160,860
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 20%)	112,868	348,258
Effect of:		
Disallowed expenses and non taxable income	36,451	38,654
Depreciation in excess of capital allowances	4,032	1,263
Other timing differences	-	(12,395)
Adjustments in respect of previous periods	-	393
Other differences	(26,583)	(6,191)
	<u>126,768</u>	<u>369,982</u>

### 8. Dividends

	2002 £	2001 £
Non-Equity dividends on preference shares: Interim and final paid	96,000	96,000
	<u>96,000</u>	<u>96,000</u>
Equity dividends on A ordinary shares: Final proposed	30,395	74,411
Equity dividends on ordinary shares: Final proposed	28,495	71,808
	<u>154,890</u>	<u>242,219</u>
Other appropriations:		
Non-equity:		
Amortisation of redemption premium	16,125	16,125
	<u>16,125</u>	<u>16,125</u>

## Notes to the accounts

at 31 December 2002

## 9. Intangible fixed assets

	<i>Goodwill</i> £
Cost:	
At 31 December 2001	2,134,512
Additions	-
At 31 December 2002	<u>2,134,512</u>
Amortisation:	
At 31 December 2001	337,972
Provided during the year	106,728
At 31 December 2002	<u>444,700</u>
Net book value:	
At 31 December 2002	1,689,812
At 31 December 2001	<u>1,796,540</u>

## 10. Tangible fixed assets

	<i>Leasehold property improvements</i> £	<i>Plant and machinery</i> £	<i>Total</i> £
Cost:			
At 31 December 2001	162,430	857,492	1,019,922
Additions	-	131,025	131,025
At 31 December 2002	<u>162,430</u>	<u>988,517</u>	<u>1,150,947</u>
Depreciation			
At 31 December 2001	132,757	573,780	706,537
Charge for year	11,864	103,653	115,517
At 31 December 2002	<u>144,621</u>	<u>677,433</u>	<u>822,054</u>
Net book value:			
At 31 December 2002	<u>17,809</u>	<u>311,084</u>	<u>328,893</u>
At 31 December 2001	<u>29,673</u>	<u>283,712</u>	<u>313,385</u>

The net book value of plant and machinery above includes an amount of £168,064 (2001 - £125,480) in respect of assets held under finance lease and hire purchase contracts.

## Notes to the accounts

at 31 December 2002

## 11. Investments

	<i>Subsidiary undertaking</i> £
Cost:	
At 1 January 2002	600,001
Additions	-
At 31 December 2002	<u>600,001</u>

Of the above investment £600,000 relates to 100% of the ordinary share capital of Multifabs (Dormant) Limited. The remaining £1 relates to 100% of the ordinary share capital of Multifabs Survival Inc, a company incorporated in the US. The shares owned by Multifabs Survival Limited represents the entire share capital and reserves of both companies. Neither company has traded in the year and the profit for the year for both companies is £nil.

## 12. Stocks

	2002 £	2001 £
Raw materials	244,610	485,362
Work in progress	30,998	35,422
Finished goods	1,682,845	1,790,600
	<u>1,958,453</u>	<u>2,311,384</u>

## 13. Debtors

	2002 £	2001 £
Trade debtors	720,439	1,132,034
Other debtors	500	600
Prepayments and accrued income	189,514	89,122
Other taxes and social security costs	22,065	85,825
	<u>932,518</u>	<u>1,307,581</u>



## Notes to the accounts

at 31 December 2002

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

	2002	2001
	£	£
Obligations under finance leases (note 16)	58,046	33,282
Current instalment due on bank loans (note 15)	369,859	339,856
Bank overdraft	664,641	481,052
Amounts owed to subsidiary undertaking	600,001	600,000
Trade creditors	95,618	838,504
Other taxes and social security costs	15,953	430
Corporation tax	371,357	369,590
Accruals	95,340	58,901
Proposed dividend	58,890	146,219
	<u>2,329,705</u>	<u>2,867,834</u>

The bank overdraft is secured by a floating charge on the assets of the company.

## 15. Loans

	2002	2001
	£	£
All wholly repayable within five years:		
1. Bank loan of £1,250,000	594,306	778,441
2. Bank loan of £520,000	356,404	469,692
3. Bank loan of £200,000	105,380	169,619
	<u>1,056,090</u>	<u>1,417,752</u>
Less: included within creditors amounts falling due within one year	369,859	339,856
	<u>686,231</u>	<u>1,077,896</u>
Amounts repayable:		
In one year or less, or on demand	369,859	339,856
In more than one year but not more than two years	364,791	369,859
In more than two years but not more than five years	321,440	708,037
	<u>1,056,090</u>	<u>1,417,752</u>

The loans are secured by a floating charge on the assets of the company.

## Notes to the accounts

at 31 December 2002

### 16. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	2002	2001
	£	£
Amounts payable:		
Within one year	75,544	41,583
In two to five years	109,638	92,417
	<u>185,182</u>	<u>134,000</u>
Less: finance charges allocated to future periods	(32,587)	(22,244)
	<u>152,595</u>	<u>111,756</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 14)	58,046	33,282
Non-current obligations	94,549	78,474
	<u>152,595</u>	<u>111,756</u>

### 17. Provision for liabilities and charges

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	Provided 2002 £	Not provided 2002 £	Provided 2001 £	Not provided 2001 £
Depreciation in advance of capital allowances	-	13,441	-	-
Capital allowances in advance of depreciation	-	-	-	(16,507)
Other timing differences	-	-	-	-
	<u>-</u>	<u>13,441</u>	<u>-</u>	<u>(16,507)</u>

The company has adopted FRS19 – Deferred Taxation for the first time. Under the new accounting standard, full provision has been made for deferred taxation using the approach set out in the standard. No prior year adjustment is required.

## Notes to the accounts

at 31 December 2002

## 18. Share capital

	<i>Authorised, allotted, called up and full paid</i>			
	<i>2002</i>	<i>2002</i>	<i>2001</i>	<i>2001</i>
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
8% Cumulative redeemable preference shares of £1 each	1,200,000	1,200,000	1,200,000	1,200,000
Ordinary share of £1 each	104,000	104,000	104,000	104,000
A ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>1,404,000</u>	<u>1,404,000</u>	<u>1,404,000</u>	<u>1,404,000</u>

The preference shares which were issued at par are redeemable between 31 December 2002 and 31 December 2005 at a premium of between 5p and 10p per share. The preference shares shall be redeemed on the earlier of flotation or sale. The company may also redeem some or all of the preference shares on a date agreed with the holders of all the shares and with reference to the Articles of Association of the company. The holders of all the shares agreed to defer the redemption of the first tranche of preference shares until 30 June 2003, originally due to be redeemed on 31 December 2002. They carry a dividend of 8% per annum payable half yearly in arrears on 31 December and 30 June. The dividend rights are cumulative and have priority over all other classes of shares.

The preference shares carry no votes at meetings unless the dividend thereon is six months or more in arrears or the company fails to redeem the shares on the redemption date of the business of the meeting includes a resolution for the winding up of the company or reducing its share capital in which event each holder will be entitled to one vote on a show of hands or one vote per share on a poll. On a winding up of the company the preference shareholders have a right to receive, in preference to any payments to the A ordinary or ordinary shareholders, £1 per share plus any accrued dividend.

The A ordinary shareholders are entitled to a cumulative preferential net cash dividend of 8% of the Adjusted Net Profit of each financial year. The Adjusted Net Profit is the consolidated profit after tax but adjusted so that the profit is computed after any provision for preference dividends, after adding back the excess over £160,000 (index linked) paid to directors as emoluments, before any other dividends, before any transfer to/from reserves and before any amortisation of purchased goodwill.

On a winding up of the company the A ordinary shareholders are entitled to receive, after all amounts due to preference shareholders have been settled and in preference to any payments to the ordinary shareholders, £1 per share plus any accrued dividend. Once ordinary shareholders also receive £1 per share, the surplus shall be distributed amongst A ordinary and ordinary shareholders *pari passu*. Each A ordinary shareholder is entitled to one vote on a show of hands or one vote per share on a poll.

The ordinary shareholders are entitled to a non-cumulative preferential net cash dividend of 8% of the Further Adjusted Net Profit of each financial year. The Further Adjusted Net Profit is the consolidated profit after tax but adjusted so that the profit is computed after any provision for preference dividends but before any other dividends or transfers to or from reserves and before any amortisation of purchased goodwill.

On a winding up of the company the ordinary shareholders are entitled to receive, after all amounts due to preference and A ordinary shareholders have been settled, £1 per share. Any surplus shall be distributed as described above.

Each ordinary shareholder is entitled to one vote on a show of hands or one vote per share on a poll.

## Notes to the accounts

at 31 December 2002

## 19. Other financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below:

		<i>Land and buildings</i>		<i>Hire of plant and machinery</i>
	2002	2001	2002	2001
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	-	11,752
In two to five years	76,849	-	26,701	16,280
In over five years	-	66,982	-	-
	<u>76,849</u>	<u>66,982</u>	<u>26,701</u>	<u>28,032</u>

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

	<i>Share</i>	<i>Profit and loss</i>	<i>Other</i>	<i>Total share- holders'</i>
	<i>capital</i>	<i>account</i>	<i>reserves</i>	<i>funds</i>
	£	£	£	£
At 1 January 2001	1,404,000	320,352	32,250	1,756,602
Profit for the year	-	790,878	-	790,878
Dividend	-	(242,219)	-	(242,219)
Transfer in respect of redemption premium	-	(16,125)	16,125	-
At 31 December 2001	<u>1,404,000</u>	<u>852,886</u>	<u>48,375</u>	<u>2,305,261</u>
Profit for the year	-	249,456	-	249,456
Dividend	-	(154,890)	-	(154,890)
Transfer in respect of redemption premium	-	(16,125)	16,125	-
At 31 December 2002	<u>1,404,000</u>	<u>931,327</u>	<u>64,500</u>	<u>2,399,827</u>

## Notes to the accounts

at 31 December 2002

## 21. Reconciliation of operation profit to net cash inflow from operating activities

	2002 £	2001 £
Operating profit	506,803	1,274,423
Depreciation charges	115,517	100,958
Amortisation of goodwill	106,728	106,728
Decrease/(increase) in stock (note 12)	352,932	(1,275,308)
Decrease/(increase) in debtors (note 13)	375,063	(1,020)
(Decrease)/increase in creditors	(690,923)	36,343
Net cash inflow from operating activities	766,120	242,124

## 22. Reconciliation of net cash flow to movement in net debt

	2002 £	2001 £
(Decrease)/increase in cash in the period	(183,528)	(450,378)
Bank loan obtained	-	(720,000)
Bank loan repayments on current loans	361,665	223,287
Bank loan wholly repaid	-	540,957
Movement in finance lease obligations	43,161	(13,078)
New finance leases	(84,000)	(92,407)
Net debt at 31 December 2001	(2,009,986)	(1,524,523)
Net debt at 31 December 2002	(1,872,685)	(2,009,986)

## 23. Analysis of net debt

	At 31/12/01 £	Cash flow £	New Finance leases £	At 31/12/02 £
Cash at bank and in hand	574	61	-	635
Overdraft (note 14)	(481,052)	(183,589)	-	(664,641)
	(480,478)	(183,528)	-	(664,006)
Bank loan	(1,417,752)	361,665	-	(1,056,087)
Finance lease obligation	(111,756)	43,161	(84,000)	(152,595)
	(2,009,986)	221,298	(84,000)	1,872,688

## Notes to the accounts

at 31 December 2002

### 24. Capital commitments

Amounts contracted for but not provided in the accounts amounted to £1,021.

### 25. Pension commitments

The company operates a defined contribution pension scheme, the Multifabs Survival Limited Scheme, for its directors and senior employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year end, included in 'other debtors' (note 13) is £28 (2001 - £nil).

### 26. Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from the requirement to prepare group accounts by virtue of Section 248 of the Companies Act 1985.