

Company Registration No. 794821

NCMT LIMITED

Report and Financial Statements

28 February 2002

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



NCMT LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated profit and loss account	6
Statements of movements on consolidated reserves	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the consolidated cash flow statement	11
Reconciliation of movements in consolidated shareholders' funds	12
Notes to the accounts	13

NCMT LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R Burke (Chairman)
P V Cornford
P G Keates
N D Pickles FCA

SECRETARY

N D Pickles FCA

REGISTERED OFFICE

Ferry Works
Summer Road
Thames Ditton
Surrey
KT7 0QQ

BANKERS

Bank of Scotland
Beauclerc House
3 Queens Road
Reading
Berkshire
RG1 4AR

SOLICITORS

Lovegrove & Elliot
4 Park Street
Windsor
Berkshire
SL4 1JS

Mundays Solicitors
Crown House
Church Road
Claygate
Esher
Surrey
KT10 0LP

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

NCMT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2002.

ACTIVITIES

NCMT Limited is the parent company of companies engaged principally in the provision of engineering solutions and supply of related capital goods for the UK manufacturing sector. This incorporates automation and other related equipment, supported by a technical and services support function.

An increasing feature of the activities is the provision of full services to implement and support customer manufacturing programmes effectively on an outsourcing basis.

REVIEW OF DEVELOPMENTS

Manufacturing in the UK continues to decline. The UK's competitive edge continues to be blunted by lack of investment, vital for profit generation and market opportunity. NCMT continues to focus on UK engineering requirements with high technology opportunities that can be advantageous in this area.

The technical and research and development centre is at the heart of this focus.

FUTURE PROSPECTS

The directors continue to remain optimistic about long term prospects, despite the continuing recession and UK reduction in manufacturing. The company continues to invest heavily in developing new manufacturing opportunities. This, together with the ability to expand the customer base for NCMT, opens up future business prospects. This development of new manufacturing processes continues and the company continues to look at ways in which added value can be applied to the high technology manufacturing sector.

RESULTS AND DIVIDENDS

Turnover from activities decreased by £2,426,000 (8%) from £29,323,000 to £26,897,000. Profit from operations decreased by £500,000 (44%) from £1,132,000 to £632,000.

The final dividend recommended by the directors is £3 per ordinary share (2001: £5 per ordinary share).

FIXED ASSETS

During the year the company continued to invest in telecommunications and the computerisation of the company was extended with a further investment of £85,000. Motor cars were replaced at a cost of £27,000.

DIRECTORS' REPORT (continued)

EMPLOYEE INVOLVEMENT

A news bulletin is distributed to all employees and includes articles relating to company activities.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year are shown on page 1.

The directors' interests in the ordinary shares of the Company at 28 February 2002 and 1 March 2001 were:

	Ordinary shares of £1 each	
	2002 Number	2001 Number
R Burke	-	-
P V Cornford	11,500	11,500
P G Keates	11,500	11,500
N D Pickles	11,500	11,500

The directors do not have any interests in the subsidiary companies.

DONATIONS

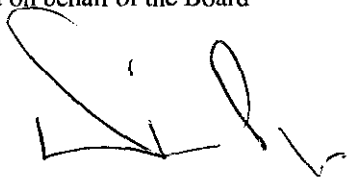
It is the intention of the directors to make a charitable donation of £37,500 (2001 – £62,500).

During the year a £62,500 donation was made (2001 – £50,000)

AUDITORS

A resolution to reappoint Deloitte & Touche will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


N D Pickles
Secretary

19 August

2002 

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the group as at the end of the financial year 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NCMT LIMITED

We have audited the financial statements of NCMT Limited for the year ended 28 February 2002 which comprise the consolidated profit and loss account, the statement of movements on reserves, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement, the notes to the consolidated cash flow statement, the reconciliation of movements in consolidated shareholders' funds and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

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 United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 28 February 2002 and the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

Hill House
1 Little New Street
London EC4A 3TR

19 August 2002

NCMT LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 28 February 2002

	Note	2002 £'000	2001 Restated* £'000
TURNOVER	2	26,897	29,323
Cost of sales		(19,748)	(21,513)
Gross profit		7,149	7,810
Administrative costs		(5,666)	(5,839)
Distribution costs		(851)	(839)
OPERATING PROFIT		632	1,132
Interest receivable and similar income	5	110	113
Interest payable and similar charges	6	(63)	(89)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	679	1,156
Tax on profit on ordinary activities	7	(346)	(371)
PROFIT FOR THE FINANCIAL YEAR ON ORDINARY ACTIVITIES AFTER TAXATION		333	785
Equity dividends	8	(206)	(344)
Retained profit for the year		127	441

All amounts derive from continuing operations.

The group has no recognised gains or losses other than the profit for the current and previous year.

* The consolidated profit and loss account for the year ended 28 February 2001 has been restated for the adoption of FRS19 (see Note 17)

STATEMENTS OF MOVEMENTS ON CONSOLIDATED RESERVES
Year ended 28 February 2002

	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
The Group			
Balance at 1 March 2001*	162	5,056	5,218
Profit retained for the year	-	127	127
Balance at 28 February 2002	162	5,183	5,345
The Company			
Balance at 1 March 2001*	162	5,056	5,218
Profit retained for the year	-	218	218
Balance at 28 February 2002	162	5,274	5,436

* The opening profit and loss account reserve has been restated for the adoption of FRS19 (see Note 17)

NCMT LIMITED

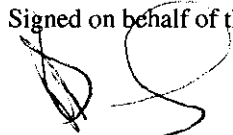
CONSOLIDATED BALANCE SHEET 28 February 2002

		2002 £'000	2001 Restated* £'000
FIXED ASSETS			
Tangible assets	10	2,953	3,170
CURRENT ASSETS			
Stocks	12	11,084	7,991
Debtors	13	5,280	5,529
Cash at bank and in hand	21	126	1,357
		16,490	14,877
CREDITORS: amounts falling due within one year	14	(13,092)	(11,467)
NET CURRENT ASSETS		3,398	3,410
TOTAL ASSETS LESS CURRENT LIABILITIES		6,351	6,580
CREDITORS: amounts falling due after one year	15	(563)	(808)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(355)	(466)
		5,433	5,306
CAPITAL AND RESERVES			
Called up share capital	19	88	88
Capital redemption reserve		162	162
Profit and loss account		5,183	5,056
EQUITY SHAREHOLDERS' FUNDS		5,433	5,306

* The consolidated balance sheet as at 28 February 2001 has been restated for the adoption of FRS19 (see Note 17)

These financial statements were approved by the Board of Directors on 19 August 2002.

Signed on behalf of the Board of Directors



R Burke

Chairman



P G Keates

Director

NCMT LIMITED

COMPANY BALANCE SHEET 28 February 2002

	Note	2002 £'000	2001 Restated* £'000
FIXED ASSETS			
Tangible assets	10	2,953	3,170
Investments	11	-	-
		<u>2,953</u>	<u>3,170</u>
CURRENT ASSETS			
Stocks	12	10,872	7,817
Debtors	13	5,559	5,686
Cash at bank and in hand	21	126	1,357
		<u>16,557</u>	<u>14,860</u>
CREDITORS: amounts falling due within one year	14	(13,068)	(11,450)
		<u>3,489</u>	<u>3,410</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		6,442	6,580
CREDITORS: amounts falling due after one year	15	(563)	(808)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(355)	(466)
		<u>5,524</u>	<u>5,306</u>
CAPITAL AND RESERVES			
Called up share capital	19	88	88
Capital redemption reserve		162	162
Profit and loss account		5,274	5,056
		<u>5,524</u>	<u>5,306</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>5,524</u>	<u>5,306</u>

* The company balance sheet as at 28 February 2001 has been restated for the adoption of FRS19 (see Note 17)

These financial statements were approved by the Board of Directors on

2002.

Signed on behalf of the Board of Directors

R Burke

Chairman

P G Keates

Director

NCMT LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 28 February 2002

	Note	£'000	2002 £'000	£'000	2001 £'000
Net cash inflow from operating activities	1		(321)		682
Returns on investments and servicing of finance					
Interest received		110		113	
Interest paid		(63)		(88)	
		<u> </u>		<u> </u>	
Net cash inflow from returns on investments and servicing of finance			47		25
Taxation					
Corporation tax paid			(276)		(628)
Capital expenditure					
Payments to acquire tangible fixed assets		(126)		(243)	
Receipts from sale of tangible fixed assets		2		50	
		<u> </u>		<u> </u>	
Net cash outflow from capital expenditure			(124)		(193)
Dividends					
Equity dividends paid			(343)		(392)
			<u> </u>		<u> </u>
Net cash outflow before management of liquid resources and financing			(1,017)		(506)
Financing					
Purchase of own shares		-		(500)	
Repayment of borrowings		(214)		(185)	
		<u> </u>		<u> </u>	
Net cash outflow from financing			(214)		(685)
Decrease in cash in the period	2,4		<u> </u> <u> </u>		<u> </u> <u> </u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 28 February 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002	2001
	£'000	£'000
Operating profit	632	1,132
Depreciation	342	373
Loss on sale of tangible fixed assets	-	(20)
(Increase)/Decrease in stocks	(3,093)	1,974
Decrease/(Increase) in debtors	138	(1,717)
Increase/(Decrease) in creditors	1,771	(934)
Decrease in warranty cost provision	(111)	(126)
Net cash (outflow)/inflow from operating activities	(321)	682

2. ANALYSIS OF CHANGES IN CASH DURING THE YEAR

	2002	2001
	£'000	£'000
Balance at 1 March 2001	1,357	2,548
Net cash outflow	(1,231)	(1,191)
Balance at 28 February 2002	126	1,357

3. ANALYSIS OF THE BALANCES OF NET DEBT AS SHOWN IN THE BALANCE SHEET

	2002	Change	2001	Change	2000
	£'000	in year	£'000	in year	£'000
		£'000		£'000	
Cash at bank and in hand	126	(1,231)	1,357	(1,191)	2,548
Debt due within one year	(236)	(31)	(205)	(20)	(185)
Debt due after one year	(563)	245	(808)	205	(1,013)
Net	(673)	(1,017)	344	(1,006)	1,350

4. RECONCILIATION TO NET FUNDS

	2002	2001
	£'000	£'000
Decrease in cash for the year	(1,231)	(1,191)
Cash outflow from decrease in debt financing	214	185
Change in net funds	(1,017)	(1,006)
Net funds at 1 March 2001	344	1,350
Net funds at 28 February 2002	(673)	344

NCMT LIMITED

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

Year ended 28 February 2002

	2002 £'000	2001 Restated* £'000
Profit on ordinary activities after taxation	333	785
Dividends	(206)	(344)
	<u>127</u>	<u>441</u>
Purchase of shares	-	(500)
	<u>127</u>	<u>(59)</u>
Net addition/(reduction in) to shareholders' funds		
Opening shareholders' funds	5,306	5,365
Closing shareholders' funds	<u>5,433</u>	<u>5,306</u>

* The profit and loss account and the opening shareholders' funds for the year ended 28 February 2001 has been restated for the adoption of FRS19 (see Note 17)

NOTES TO THE ACCOUNTS

Year ended 28 February 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	The shorter of the duration of any lease and 10 years
Motor vehicles	25% per annum
Office equipment	33 $\frac{1}{3}$ %/20% per annum
Freehold and long leasehold property	4% per annum

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value. Those held as current assets are stated at the lower of cost and net realisable value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Long-term contracts

Long-term contract work-in-progress is stated at cost plus, where the outcome can be assessed with reasonable certainty, (invariably on acceptance by customers that machines are working to the agreed performance criteria) estimated profits attributable to the stage of completion, less provision for any known or expected losses and progress payments receivable on account.

Advance and progress payments are included under creditors to the extent that they exceed the related work-in-progress.

Work-in-progress is shown under stocks, except where it includes attributable profit when it is shown under debtors as amounts recoverable under contracts.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

NOTES TO THE ACCOUNTS
Year ended 28 February 2002

1. ACCOUNTING POLICIES (continued)

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date or at specific contract forward currency rates. These translation differences are dealt with in the profit and loss account.

Warranty costs

Full provision is made for likely services and spares costs in respect of machine tools sold and which are still under warranty at the year end.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax.

Pensions

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

Deferred Tax

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 that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets; and
- deferred tax assets are recognised only to the extent that 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 a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

2. ANALYSES OF TURNOVER

	Turnover	
	2002	2001
	£'000	£'000
Machine tools, automation and related equipment	22,410	24,591
Tooling	968	1,040
Service and spares	3,519	3,692
	<u>26,897</u>	<u>29,323</u>

All turnover is derived within the United Kingdom.

NOTES TO THE ACCOUNTS

Year ended 28 February 2002

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £'000	2001 £'000
Directors' emoluments		
Emoluments (excluding pension contributions)	426	407
	<u>£'000</u>	<u>£'000</u>
 Remuneration of highest paid director	 136	 139
	<u></u>	<u></u>
Three directors were members of a defined contribution pension scheme. The aggregate of contributions paid to directors in respect of a defined contribution pension scheme was £123,700 (2001 – £205,300). The contribution paid on behalf of the highest paid director in respect of a defined contribution pension scheme was £55,100 (2001 – £76,300).		
	No.	No.
Employees		
Average number of persons employed		
Service and other engineers	66	67
Sales and technical engineers	24	24
Administration	33	32
	<u>123</u>	<u>123</u>
	<u>£'000</u>	<u>£'000</u>
Staff costs during the year (including directors) in respect of these employees were:		
Wages and salaries	3,649	3,963
Social security	596	476
Pension costs	314	520
	<u>4,559</u>	<u>4,959</u>

NOTES TO THE ACCOUNTS

Year ended 28 February 2002

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation is after charging:		
Depreciation on owned assets	342	373
Auditors' remuneration - group	25	23
- company	21	20
- non audit fees	5	8
Operating lease charges: for motor vehicles	331	253
	<u>331</u>	<u>253</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £'000	2001 £'000
Bank interest	87	97
Other income	23	16
	<u>110</u>	<u>113</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £'000	2001 £'000
Interest payable on bank overdrafts and bank charges	63	89
	<u>63</u>	<u>89</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge in period

	2002 £'000	£'000	2001 £'000	£'000
<i>Current tax:</i>				
UK corporation tax on profits of the period	153		324	
Adjustments in respect of previous periods	82		61	
	<u>82</u>		<u>61</u>	
<i>Total current tax (note b)</i>		235		384
<i>Deferred tax:</i>				
Origination and reversal of timing differences	111		(13)	
	<u>111</u>		<u>(13)</u>	
<i>Total deferred tax</i>		111		(13)
<i>Tax on profit on ordinary activities</i>		<u>346</u>		<u>371</u>

NOTES TO THE ACCOUNTS

Year ended 28 February 2002

b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation	<u>679</u>	<u>1,156</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001-30%)	204	347
<i>Effects of:</i>		
Expenses not deductible for tax purposes	60	(27)
Capital allowances for period in excess of depreciation	(12)	25
Movement in short term timing differences	(99)	(12)
Rate differences in subsidiary company	-	(10)
Adjustments to tax charge in respect of previous periods	<u>82</u>	<u>61</u>
<i>Current tax charge for period</i>	<u>235</u>	<u>384</u>

8. EQUITY DIVIDENDS

	2002 per share	£'000	2001 per share	£'000
Final proposed	<u>£3</u>	<u>206</u>	<u>£5</u>	<u>344</u>

The trustees of trusts in which 19,386 shares are held waived their right to dividends.

9. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year before dividends amounted to £367,000 (2001 – £704,000).

NOTES TO THE ACCOUNTS

Year ended 28 February 2002

10. TANGIBLE FIXED ASSETS

Group and company	Freehold properties £'000	Long leasehold property £'000	Leasehold improvements £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost						
At 1 March 2001	186	2,921	552	334	1,521	5,514
Additions	-	-	6	27	93	126
Disposals	-	-	-	-	(45)	(45)
At 28 February 2002	186	2,921	558	361	1,569	5,595
Accumulated depreciation						
At 1 March 2001	18	430	552	133	1,211	2,344
Charge for the year	4	87	-	89	162	342
Disposals	-	-	-	-	(44)	(44)
At 28 February 2002	22	517	552	222	1,329	2,642
Net book value						
At 28 February 2002	164	2,404	6	139	240	2,953
At 29 February 2001	168	2,491	-	201	310	3,170

11. INVESTMENTS HELD AS FIXED ASSETS

The subsidiaries of the company which are wholly owned and registered in England and Wales are as follows:

Company	Country of incorporation	Activity	Proportion of ordinary shares held
NCMT Automation Ltd	Great Britain	Factory Automation	100%
Eton Machine Tools Ltd	Great Britain	Sale of Machine Tools	100%

12. STOCKS

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Machine tools and related equipment:				
Cost	10,786	9,171	10,742	8,997
Less payments on account	(1,266)	(2,415)	(1,266)	(2,415)
Net cost	9,520	6,756	9,476	6,582
Tooling	208	199	208	199
Spares	1,188	1,036	1,188	1,036
Automation	168	-	-	-
	11,084	7,991	10,872	7,817

NOTES TO THE ACCOUNTS

Year ended 28 February 2002

13. DEBTORS

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Trade debtors due within one year	3,953	4,158	3,923	4,154
Trade debtors due greater than one year	1,000	-	1,000	-
Trade debtors	4,953	4,158	4,923	4,154
Amounts owed by subsidiary undertakings	-	-	309	161
Other debtors	21	18	21	18
Deferred tax asset (Note 18)	132	243	132	243
Prepayments	152	185	152	185
Accrued income	22	925	22	925
	<u>5,280</u>	<u>5,529</u>	<u>5,559</u>	<u>5,686</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Mortgage loan (see note 22)	236	205	236	205
Payments on account of stock	3,616	3,409	3,616	3,409
Trade creditors	6,248	4,647	6,205	4,647
Other taxes and social security	592	613	592	613
Current corporation tax	68	109	101	92
Accruals	2,128	2,140	2,114	2,140
Proposed dividend	204	344	204	344
	<u>13,092</u>	<u>11,467</u>	<u>13,068</u>	<u>11,450</u>

15. CREDITORS: AMOUNT FALLING DUE AFTER ONE YEAR

	Group and Company	
	2002 £'000	2001 £'000
Mortgage loan (note 22)	<u>563</u>	<u>808</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Company	
	2002 £'000	2001 £'000
Warranty costs		
Provision at 1 March	466	592
Movement in year:		
Credit to the profit and loss account	<u>(111)</u>	<u>(126)</u>
Provision at 28 February	<u>355</u>	<u>466</u>

This relates to the warranties granted on machines sold. The calculation has been based on the percentage of the total warranty included in the year, and the weighted average revenue relating to this year.

NOTES TO THE ACCOUNTS
Year ended 28 February 2002

17. CHANGE IN ACCOUNTING POLICY

The adoption of FRS19 has required a change in the method of accounting for deferred tax assets and liabilities.

As a result of this change in accounting policy the comparatives have been restated as follows:

Group and Company	Deferred Tax Asset £'000	Profit & Loss Account £'000	Shareholders' Funds £'000
2001 as previously reported	-	4,813	5,063
Adoption of FRS19 at 1 March 2000	230	230	230
During year ended 28 February 2001	13	13	13
Adoption of FRS19 at 28 February 2001	243	243	243
2001 restated	243	5,056	5,306

18. DEFERRED TAXATION

	Group and Company £'000
Deferred tax asset as at 1 March 2002 - restated	243
Current year charge	(111)
Provisions as at 28 February 2002	132

The amount of deferred tax provided in the financial statements and the potential amount not provided are:

	Amounts provided		Potential amounts	
	2002	2001 Restated	2002	2001 Restated
Depreciation and amortisation in excess of capital allowances	76	88	-	-
Gain deferred by rollover relief	-	-	59	59
Other timing differences	56	155	-	-
	132	243	59	59

This has generated a prior year credit on asset timing differences. These timing differences will reverse and, as profits are more likely than not to exist to offset this reversal, the asset can be provided for.

NOTES TO THE ACCOUNTS
Year ended 28 February 2002

19. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
87,500 ordinary shares of £1 each	<u>88</u>	<u>88</u>

As at 28 February 2002, the parent company had options outstanding, which are exercisable by employees, as follows:

Number of shares	Option price per share	Option period ending
100	£12	30 November 2002

20. OPERATING LEASE COMMITMENTS

At 28 February 2002, the Group was committed to making the following payments during the next year in respect of operating leases:

	Other 2002 £'000	2001 £'000
Leases which expire:		
Within one year	60	54
Within two to five years	<u>216</u>	<u>463</u>
	<u>276</u>	<u>517</u>

21. CASH AT BANK AND IN HAND

	Group and Company 2002 £'000	2001 £'000
Cash at bank and in hand	<u>126</u>	<u>1,357</u>

The cash balance includes a restricted holding of £2,326,000 (2001 – £403,000). The restriction on these funds will be released on acceptance of machines by customers.

NOTES TO THE ACCOUNTS
Year ended 28 February 2002

22. BORROWINGS

	Group and Company	
	2002	2001
	£'000	£'000
Analysis of loan repayments:		
Mortgage loan:		
Within one year	236	205
Between two and five years	563	808
	<u>799</u>	<u>1,013</u>

The mortgage loan bears interest at 2% above the bank's base rate.

The mortgage loan is secured by a debenture incorporating fixed and floating charges on the assets of the group.

The mortgage loan is due to be repaid by June 2005.

23. PENSION SCHEMES

The company runs money purchase pension schemes subject to review by professional pension advisers. Employees aged between 18 and 65 years are entitled to join the Scheme. Employees and the employer are required to contribute at a minimum rate of 2.5% for employees and 7.5% for the employer.

24. RELATED PARTY TRANSACTIONS

The company has taken advantage of the dispensation available under paragraph 3(c) of FRS 8 not to disclose transactions with fellow group companies. There were no other related party transactions during the year.