

Company Number 896821

**Deloitte
& Touche**

**COWLIN CONSTRUCTION LIMITED
AND ITS SUBSIDIARY COMPANIES**

Report and Financial Statements

Year ended 30 September 2002

**Deloitte & Touche
Bristol**



REPORT AND FINANCIAL STATEMENTS 2002

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G L Ballard
W G Badham
D A Brown
N J Higgs
I R Natt
N A Sherreard
M D Spiller
D.B. Stockham

SECRETARY

G L Ballard

REGISTERED OFFICE

Stratton House
Cater Road
Bishopsworth
Bristol
BS13 7UH

BANKERS

HSBC Bank plc
City Office
49 Corn Street
Bristol
BS99 7PP

AUDITORS

Deloitte & Touche
Bristol

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2002.

PRINCIPAL ACTIVITY OF THE COMPANY AND THE GROUP

The company's and group's principal activity continues to be building contracting.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Once again the company has been very successful in winning larger prestigious orders, many with regular repeat business customers. An increasing number of these orders were Negotiated or Partnering agreements.

The turnover for the year at just under £90m is 28% up on last year. Net profit before tax for the year ended 30 September 2002 was £431,467.

The results would have been significantly better if the directors had not chosen to make a substantial provision against a contract where the client defaulted and went into administrative receivership, following an adjudication in which the group was awarded a large sum in damages, which the client claimed to be unable to pay. The provision against the contract is just under £1m without which the company would have shown a profit of around £1.4m. The client is being pursued through the Official Receivers/Liquidators and a significant recovery against this provision is possible in due course.

Despite this set back the company continues to expand and prosper and the commitment to training and Health and Safety continues. For the third year running the company has won the Rospa Gold award for its excellent safety record throughout the year and further high calibre professionally qualified staff have been recruited to service the increasing workload. A new office has recently been opened in Exeter to service the Devon Region where the company has won a number of new contracts and the level of enquiries being received is very encouraging.

Once again the current year has started well with a further influx of new orders, including many prestigious and exciting projects, for blue chip clients. Work-in-progress currently totals in excess of £80m with a number of firm prospects totalling £40m which are expected to become orders in the near future. The projected turnover for 2003 is £100m and the directors are confident that this can be achieved with a corresponding increase in profitability.

A significant percentage of current contracts are in the public sector, in the areas of Health and Education. These are areas in which the company has considerable experience and expertise and the Government's commitment to increase expenditure in these areas is encouraging news for the company. As a result the directors are very confident that the year ended September 2003 will be another record year, thereby maintaining our place as one of the leading privately owned construction companies in the South West/South Wales Region.

RESULTS

The consolidated profit for the year is set out in the consolidated profit and loss account on page 7.

DIVIDENDS

The directors recommend the payment of a final dividend of 51p (2001: 48p) per ordinary share in respect of the year ended 30 September 2002.

DIRECTORS' REPORT (continued)**DIRECTORS AND THEIR INTERESTS**

The current membership of the Board is shown on page 1. The directors of the company who held office during the year and their beneficial interests in the ordinary shares of the ultimate holding company Cowlin Group Limited at the beginning and end of the year were:

	2002	2001
G L Ballard	15,366	14,289
W G Badham	-	-
D A Brown	14,289	14,289
N J Higgs	15,366	14,289
I R Natt	14,289	14,289
N A Sherreard	6,795	5,717
M D Spiller	6,078	5,000
D B Stockham	1,078	-

G L Ballard also held 760,043 preference shares of the ultimate holding company Cowlin Group Limited at the end of the year.

All directors served for the whole year except T P Crew who resigned on 24 October 2001.

None of the directors had any interest in the shares of any other group company during the year.

CHARITABLE DONATIONS

The group made charitable donations of £2,103 (2001: £1,193) during the year.

EMPLOYEES

The policy is to encourage and assist, where practicable, the recruitment and training of disabled people and the retention of those who become disabled during their employment.

The company believes in good communications within the organisation. To this end, monthly financial and production meetings are held, which are attended by senior management. A newsheet detailing contract progress and prospects is published at intervals and is available to all employees.

AUDITORS

A resolution to reappoint Deloitte & Touche as the company's auditors will be proposed at the Annual General Meeting.

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

G L Ballard
Secretary

G L Ballard 17/3/03

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 the 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 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
COWLIN CONSTRUCTION LIMITED**

We have audited the financial statements of Cowlin Construction Limited and its subsidiary companies for the year ended 30 September 2002 which comprise the consolidated profit and loss account, consolidated note of historical cost profits and losses, the balance sheets, and related notes 1 to 21. These financial statements have been prepared under 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 financial statements which are required to be prepared 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 and other members of the group is not disclosed.

We read the directors' report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 circumstances of the company and the group, 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 the group as at 30 September 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors
Bristol

18 March 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 September 2002

	Note	Continuing operations 2002 £	2001 £
TURNOVER	2	88,593,176	69,384,171
Cost of sales (including exceptional provision against contracts of £953,000 (2001: £nil))		(82,714,791)	(63,332,460)
GROSS PROFIT		5,878,385	6,051,711
Administrative expenses		(5,446,918)	(5,321,575)
OPERATING PROFIT		431,467	730,136
Interest payable and similar charges	3	(22,167)	(13,594)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	409,300	716,542
Tax on profit on ordinary activities	7	(146,044)	(226,236)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18	263,256	490,306
Dividends proposed	8	(305,765)	(290,000)
RETAINED (LOSS)/PROFIT FOR THE YEAR		(42,509)	200,306

The group has no recognised gains and losses other than the retained profit for the current year and the preceding year. Accordingly no statement of total recognised gains and losses has been prepared.

NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 30 September 2002

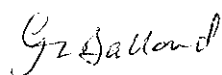
	2002 £	2001 £
Profit on ordinary activities before taxation	409,300	716,542
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated at the revalued amount	2,115	2,115
	<u>411,415</u>	<u>718,657</u>
Historical cost (loss)/profit for the year retained after taxation and dividends	<u>(40,394)</u>	<u>202,421</u>

CONSOLIDATED BALANCE SHEET
30 September 2002

	Note	£	2002	£	£	2001	£
FIXED ASSETS							
Tangible assets	10		734,288			878,901	
CURRENT ASSETS							
Stocks	12	30,785			119,334		
Debtors	13	21,821,155			14,999,960		
Cash at bank and in hand		10,613,321			9,932,775		
			32,465,261		25,052,069		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(27,102,109)			(20,011,991)		
NET CURRENT ASSETS			5,363,152			5,040,078	
TOTAL ASSETS LESS CURRENT LIABILITIES			6,097,440			5,918,979	
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR							
	15		3,581,916			3,360,946	
CAPITAL AND RESERVES							
Called up share capital	17	600,000			600,000		
Revaluation reserve	18	162,839			164,954		
Other reserves	18	1,450			1,450		
Profit and loss account	18	1,751,235			1,791,629		
TOTAL EQUITY SHAREHOLDERS' FUNDS	17		2,515,524			2,558,033	
			6,097,440			5,918,979	

These financial statements were approved by the Board of Directors on 17/13/03

Signed on behalf of the Board of Directors

G L Ballard
Director

COMPANY BALANCE SHEET
30 September 2002

	Note	2002	2001
		£	£
FIXED ASSETS			
Tangible assets	10	734,288	878,901
CURRENT ASSETS			
Stocks	12	30,785	119,334
Debtors (including £987,000 due after more than one year [2001: £1,129,968])	13	23,105,091	15,165,225
Cash at bank and in hand		10,613,321	9,932,775
		<u>33,749,197</u>	<u>25,217,334</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(27,621,857)</u>	<u>(20,419,200)</u>
NET CURRENT ASSETS		<u>6,127,340</u>	<u>4,798,134</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,861,628</u>	<u>5,677,035</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	4,588,048	3,360,946
CAPITAL AND RESERVES			
Called up share capital	17	600,000	600,000
Profit and loss account	18	<u>1,673,580</u>	<u>1,716,089</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	18	<u>2,273,580</u>	<u>2,316,089</u>
		<u>6,861,628</u>	<u>5,677,035</u>

These financial statements were approved by the Board of Directors on 17/3/03

Signed on behalf of the Board of Directors

G L Ballard

G L Ballard
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2002**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts are prepared in accordance with the historical cost convention as modified by the revaluation of land and buildings.

Basis of consolidation

The group accounts include the accounts of the company and its subsidiaries made up to the end of the financial year.

Turnover

Sales values are credited to turnover, which excludes value added tax and trade discounts, when:

- (a) Contracts are finalised and the practical completion certificates issued.
- (b) Significant contracts in progress at the financial year end have reached a sufficiently advanced stage for the final outcome to be reasonably foreseen.

Specific provision is made for remedial work to be carried out at the expiry of the defects liability period.

Stocks and work in progress

Stocks and work in progress, including long term contracts, are valued at the lower of cost and net realisable value, less progress payments received and receivable on account. Cost, in the case of work in progress, consists of materials, labour and sub-contractors' charges, together with overheads directly chargeable to contracts. Net realisable value is the price at which stocks and work in progress can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolescent, slow moving and defective stocks.

A proportion of the profits earned on those long term contracts, which are in an advanced state of completion at the period end, is added to the value of turnover, together with a proportion of the costs associated with these contracts. In addition, full provision is made in the accounts for losses incurred, or expected to be incurred, on contracts entered into at the balance sheet date.

Operating leases and lease purchase agreements

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under lease purchase agreements. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under lease purchase agreements are depreciated over the useful lives of the equivalent owned assets.

NOTES TO THE ACCOUNTS
Year ended 30 September 2002**1. ACCOUNTING POLICIES (continued)****Fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition, if appropriate.

Following the adoption of FRS15 depreciation is provided on freehold property at 2.5%.

Depreciation on plant and equipment is calculated to write off the cost of the assets by equal instalments over the estimated useful life of the relevant assets, the rates used being between 15% and 25%.

Assets held under leases are depreciated over the period of the lease.

No depreciation is charged on freehold land.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Deferred taxation

The company has adopted FRS19, Deferred Tax. Deferred tax is provided in full on timing differences which result on an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

The company has taken advantage of the transitional arrangements of FRS17, Retirement Benefits, which permit the costs, accruals and prepayments recorded in the financial statements to be reported under the requirements of SSAP 24, Accounting for Pension Costs. This is consistent with the basis adopted last year.

Thus, the cost of providing pensions is calculated using actuarial valuation methods, which reflect the long-term costs of providing pensions.

The amount charged to the profit and loss account is calculated so as to produce a substantially level percentage of the current and future pensionable payroll. Variations from the regular cost so calculated are allocated to the profit and loss account over the average remaining service lives of employees.

The additional disclosures required by FRS 17 are shown in note 21.

Cash flow statement

As a wholly owned subsidiary in the Cowlin Group Limited group of companies, the company has taken advantage of the exemption from producing a cash flow statement. A consolidated cash flow statement is included in the group accounts.

Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 from the requirement to disclose related party transactions within the group.

NOTES TO THE ACCOUNTS

Year ended 30 September 2002

2. TURNOVER

Turnover and profit on ordinary activities before taxation is attributable to the activities of building and specialist contracting, which are based solely in the United Kingdom.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
On lease purchases	22,167	13,319
Other interest payable	-	275
	<u>22,167</u>	<u>13,594</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is arrived at after charging/(crediting):	2002	2001
	£	£
Auditors' remuneration for company and group:		
Audit	39,500	36,000
Other services	25,470	29,300
Depreciation of tangible fixed assets - owned	69,200	48,130
Depreciation of tangible fixed assets - leased	61,015	89,101
Operating leases - plant and machinery	225,813	198,118
Profit on disposal of tangible fixed assets	(8,105)	(3,890)
	<u>(8,105)</u>	<u>(3,890)</u>

5. DIRECTORS' EMOLUMENTS

	2002	2001
	£	£
Emoluments (excluding pension contributions)	<u>676,330</u>	<u>588,585</u>

Included above is £30,000, being amounts paid as compensation for loss of office.

	No.	No.
Number of directors who are members of the company's defined contribution pension scheme	<u>8</u>	<u>8</u>
	£	£
Contributions paid to the defined contribution pension scheme in respect of directors	<u>41,806</u>	<u>31,774</u>
	£	£
Highest-paid director's remuneration (excluding pension contributions)	<u>110,996</u>	<u>95,512</u>
	£	£
Contributions paid to the defined contribution pension scheme in respect of the highest paid director	<u>4,403</u>	<u>2,726</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 2002**6. EMPLOYEE INFORMATION**

The average number of persons employed by the group during the year, including executive directors, is analysed below:

	2002 No.	2001 No.
Production	225	217
Administration	95	112
	<u>320</u>	<u>329</u>
Employment costs of all the employees included above:	£	£
Gross wages and salaries	7,067,211	6,628,291
Employer's national insurance and state pension contributions	732,306	687,148
Employer's contributions under the group pension scheme	215,614	170,147
	<u>8,015,131</u>	<u>7,485,586</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES**(i) Analysis of charge in year**

	2002 £	2001 £
Current tax:		
- UK corporation tax at 30% (2001: 30%) based on profits of the period (7ii)	137,000	262,000
Deferred tax:		
- Origination and reversal of timing differences	13,500	(28,500)
Other: Adjustment in respect of prior years	(4,456)	(7,264)
Tax on profit on ordinary activities	<u>146,044</u>	<u>226,236</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(ii) Factors affecting tax charge for period

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

	2002 £	2001 £
Profit on ordinary activities before taxation	409,300	716,542
Tax on profit on ordinary activities at standard rate	122,790	214,963
Effects of:		
Expenses not deductible for tax purposes	17,313	18,647
Capital allowances in excess of depreciation	4,506	9,160
Other short term timing differences	(7,160)	23,435
Utilisation of tax losses	(449)	(4,205)
Tax charge (7i)	137,000	262,000

There are no factors which the directors believe will affect the future tax charge.

8. DIVIDENDS

	2002 £	2001 £
Final dividend proposed of 51p (2001: 48p) per ordinary share	305,765	290,000

9. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, no profit and loss account of the parent company is presented. The parent company's profit after tax for the year is £263,256 (2001: £490,306).

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

10. TANGIBLE FIXED ASSETS

Group	Freehold property £	Plant and equipment £	Total £
Cost or valuation			
At 1 October 2001	531,591	1,135,854	1,667,445
Additions	-	52,106	52,106
Disposals	-	(268,925)	(268,925)
At 30 September 2002	531,591	919,035	1,450,626
Depreciation			
At 1 October 2001	13,290	775,254	788,544
Provided in year	6,645	123,570	130,215
Disposals	-	(202,421)	(202,421)
At 30 September 2002	19,935	696,403	716,338
Net book value			
At 30 September 2002	511,656	222,632	734,288
At 30 September 2001	518,301	360,600	878,901

Freehold property was professionally revalued on an open market value for existing use basis at 30 November 1988 by Hartnell Taylor Cook, independent surveyors and valuers, at £476,000. In accordance with the transitional rules of Financial Reporting Standard No. 15 'Tangible Fixed Assets', freehold property which was revalued in prior years has not been revalued during the year. The carrying value relating to the previous valuation performed as at 30 November 1988 has been carried forward in this year's accounts.

The historic cost of tangible assets stated at valuation in the accounts is £362,407 (2001: £362,407) and the net book value is £348,817 (2001: £353,347).

The net book value of plant and equipment includes an amount of £268,009 (2001: £267,518) acquired under lease purchase agreements.

For Group and Company the value of freehold land not depreciated amounts to £265,800 (2001: £265,800).

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

10. TANGIBLE FIXED ASSETS (continued)

Company	Freehold property £	Plant and equipment £	Total £
Cost			
At 1 October 2001	531,591	1,141,926	1,673,517
Additions	-	52,106	52,106
Disposals	-	(268,925)	(268,925)
At 30 September 2002	531,591	925,107	1,456,698
Depreciation			
At 1 October 2001	13,290	781,326	794,616
Provided in year	6,645	123,570	130,215
Disposals	-	(202,421)	(202,421)
At 30 September 2002	19,935	702,475	722,410
Net book value			
At 30 September 2002	511,656	222,632	734,288
At 30 September 2001	518,301	360,600	878,901

11. INVESTMENTS

	£
Shares in group companies at cost	
At 1 October 2001 and at 30 September 2002	128,150
Provisions	
At 1 October 2001 and at 30 September 2002	128,150
Net book value	
At 30 September 2001 and at 30 September 2002	-

NOTES TO THE ACCOUNTS
Year ended 30 September 2002**11. INVESTMENTS (continued)**

The subsidiary companies at 30 September 2002 were:

Subsidiary	Nature of Business
Bayford Builders Limited	Dormant
Stratton Electrical Limited	Dormant
Pratten Construction Limited	Dormant
Samuel Wren & Sons Limited	Dormant
Cowlin Developments Limited	Dormant

All the subsidiaries have only ordinary share capital, are wholly owned and are registered and incorporated in England and Wales.

12. STOCKS

	2002		2001	
	Group £	Company £	Group £	Company £
Raw materials and consumables	30,785	30,785	118,791	118,791
Long term contract in progress	8,714,344	8,714,344	8,215,051	8,215,051
	<u>8,745,129</u>	<u>8,745,129</u>	<u>8,333,842</u>	<u>8,333,842</u>
Payments on account	(8,714,344)	(8,714,344)	(8,214,508)	(8,214,508)
	<u>30,785</u>	<u>30,785</u>	<u>119,334</u>	<u>119,334</u>

13. DEBTORS

	2002		2001	
	Group £	Company £	Group £	Company £
Trade debtors	9,047,164	9,047,164	6,582,458	6,582,458
Amounts recoverable on contracts	11,850,658	11,850,658	7,567,809	7,567,809
Amounts due from group companies	5,745	1,289,681	2,313	167,578
Deferred tax	15,000	15,000	28,500	28,500
Other debtors	754,767	754,767	663,973	663,973
Prepayments and accrued income	147,821	147,821	154,907	154,907
	<u>21,821,155</u>	<u>23,105,091</u>	<u>14,999,960</u>	<u>15,165,225</u>

Included in trade debtors are retentions of £4,280,094 (2001: £3,048,547) of which £446,319 (2001: £446,319) is due after more than one year.

Included in intercompany balances owed to the company are amounts of £142,968 (2001: £142,968) due after more than one year.

The deferred tax balance is due after more than one year.

NOTES TO THE ACCOUNTS

Year ended 30 September 2002

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002		2001	
	Group £	Company £	Group £	Company £
Obligations under finance leases and hire purchase overheads	71,998	71,998	186,811	186,811
Overdrafts	2,425,342	2,425,342	2,532,460	2,532,460
Payments on account	137,705	137,705	95,264	95,264
Trade creditors	21,601,625	21,727,725	15,593,636	15,593,636
Amounts owed to group companies	498,598	892,246	328,748	735,957
Corporation tax	137,000	137,000	262,000	262,000
Other creditors including taxation and social security	520,790	520,790	255,151	255,151
Accruals and deferred income	1,403,286	1,403,286	467,921	467,921
Proposed dividends	305,765	305,765	290,000	290,000
	<u>27,102,109</u>	<u>27,621,857</u>	<u>20,011,991</u>	<u>20,419,200</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002		2001	
	Group £	Company £	Group £	Company £
Obligations under finance leases and hire purchase contracts	61,349	61,349	137,946	137,946
Amounts owed to group companies	3,513,000	4,519,132	3,223,000	3,223,000
Other creditors	7,567	7,567	-	-
	<u>3,581,916</u>	<u>4,588,048</u>	<u>3,360,946</u>	<u>3,360,946</u>

Amounts due to group companies are due within five years, do not bear interest and are unsecured.

Lease purchase obligations

The net lease purchase obligations, shown within other creditors, to which the group and company are committed are:

	2002		2001	
	Group £	Company £	Group £	Company £
In one year or less	71,998	71,998	106,811	106,811
Between one and two years	43,544	43,544	73,817	73,817
Between two and five years	17,805	17,805	64,129	64,129
	<u>133,347</u>	<u>133,347</u>	<u>244,757</u>	<u>244,757</u>

Assets purchased under lease purchase arrangements are held as security for the related lease obligations.

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

16. DEFERRED TAX

	Deferred taxation £
At 1 October 2001	(28,500)
Profit and loss account charge	13,500
At 30 September 2002	<u>(15,000)</u>

The deferred taxation provided in the financial statements is as follows:

	2002 Provided £	2001 Provided £
Accelerated capital allowances	-	(3,000)
Other short term timing differences	(15,000)	(25,500)
	<u>(15,000)</u>	<u>(28,500)</u>

17. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised, called up, allotted and fully paid: 600,000 ordinary shares of £1 each	600,000	600,000

18. COMBINED RECONCILIATION OF MOVEMENTS ON RESERVES AND
SHAREHOLDERS' FUNDS

GROUP	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	2002 Total £	2001 Total £
At beginning of year	600,000	164,954	1,450	1,791,629	2,558,033	2,357,727
Profit for the year	-	-	-	263,256	263,256	490,306
Dividends	-	-	-	(305,765)	(305,765)	(290,000)
Transfer of additional depreciation on revalued assets	-	(2,115)	-	2,115	-	-
At end of year	<u>600,000</u>	<u>162,839</u>	<u>1,450</u>	<u>1,751,235</u>	<u>2,515,524</u>	<u>2,558,033</u>

NOTES TO THE ACCOUNTS

Year ended 30 September 2002

18. COMBINED RECONCILIATION OF MOVEMENTS ON RESERVES AND SHAREHOLDERS' FUNDS (continued)

COMPANY	Share capital £	Profit and loss account £	2002 Total £	2001 Total £
At beginning of year	600,000	1,716,089	2,316,089	2,115,783
Profit for the year	-	263,256	263,256	490,306
Dividends	-	(305,765)	(305,765)	(290,000)
At end of year	600,000	1,673,580	2,273,580	2,316,089

19. OPERATING LEASES

At 30 September 2002 the group had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Plant and machinery:		
Leases terminating within one year	148,249	49,144
Leases terminating between two and five years	91,800	160,649
	<u>240,049</u>	<u>209,793</u>

20. CONTINGENT LIABILITIES

Banking arrangements*Overdraft facilities*

The company participates in an arrangement with HSBC Bank plc whereby the accounts of the eight companies in the Cowlin Management Limited group, 'the guarantors', are combined, with cleared debit and credit balances being offset for interest calculation purposes.

Each of the guarantors has provided a fixed and floating charge over all assets, first legal charges over freehold properties, and unlimited multilateral company guarantees securing the liabilities of each other. In addition, Cowlin Management Limited has an unlimited company cross guarantee with Cowlin Property Investments Limited to secure the liabilities of each other.

The net balance owing under this arrangement at 30 September 2002 was £nil (2001: £nil).

Secured loan

The company has agreed to provide security for loans to William Cowlin (Holdings) Limited. The guarantors for these loans are the companies of the Cowlin Property Investments Limited group and the Cowlin Management Limited group of companies.

Each of the guarantors has provided a fixed and floating charge over all assets, first legal charges over freehold properties, and unlimited multilateral company guarantees securing the liabilities of each other. In addition, Cowlin Management Limited has an unlimited company cross guarantee with Cowlin Property Investments Limited to secure the liabilities of each other.

The net balance owing on these loans at 30 September 2002 was £nil (2001: £1,001,449).

NOTES TO THE ACCOUNTS
Year ended 30 September 2002

21. PENSION SCHEME

The group operates a defined contribution scheme, however there are some deferred members who are entitled to defined benefits. The assets of the scheme are held independently from the company's finances and are administered by trustee companies. Pension costs are assessed on the advice of an independent qualified actuary following triennial valuations using the projected unit method.

A full actuarial valuation was carried out as at 5 April 2001. A qualified actuary, independent of any participating employers, has adjusted appropriately the data used for the purposes of the 2001 valuation, for the purposes of calculating the FRS17 disclosures for the year ended 30 September 2002.

The major assumptions used by the actuary for the 31 December 2001 FRS17 valuation were as follows:

Rate of increase in salaries	n/a
Rate of increase in inflation	2.5%
Rate of increase of Guaranteed Minimum Pensions (GMP) earned before 1 October 1990	3.0%
Rate of increase of Guaranteed Minimum Pensions (GMP) earned after 1 October 1990	2.5%
Rate of revaluation of deferred pensions	2.5%
Discount rate	5.75%

The estimated values of the assets backing the scheme's defined benefit liabilities invested through the policy with Friends' Provident:

30 September 2002 – realisable value £346,000

The estimated values of the scheme's defined benefit liabilities for the purposes of FRS17:

30 September 2002 - £740,000

The estimated excess of the scheme's defined benefit liabilities over assets for the purposes of FRS17:

30 September 2002 - £394,000

Deficit in the scheme may then need to be adjusted for any related deferred tax liability to obtain pension asset and reserve for inclusion in the balance sheet and reserves note.

The pension charge for the company for the year ended 30 September 2002 was £215,614 (2001: £170,147).

Fair value of assets and expected rates of return:

	Expected rate of return at 30 September 2002 %	Fair value at 30 September 2002 %
Managed funds:		
Equity	7.5	270,000
Gilts	5.0	62,000
Cash	4.0	14,000
		346,000

22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

In the opinion of the directors the ultimate parent company and controlling party is Cowlin Group Limited, a company registered in England and Wales. Copies of its accounts can be obtained from Companies House, Cardiff, CF14 3UZ.