

Company Registration No. 47482 (Scotland)

GRAY & ADAMS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 APRIL 2002



GRAY & ADAMS LIMITED

DIRECTORS AND ADVISERS

Secretary	James Watt
Company number	47482
Registered office	South Road Fraserburgh AB43 5HU
Registered auditors	Johnston Carmichael Bishops Court 29 Albyn Place Aberdeen AB10 1YL
Business address	South Road Fraserburgh AB43 5HU
Bankers	Bank of Scotland Seaforth Street Fraserburgh Aberdeenshire AB43 5BB
Solicitors	Brown & McRae Anderson House 9-11 Frithside House Fraserburgh AB43 9AB

GRAY & ADAMS LIMITED

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GRAY & ADAMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2002

The directors present their report and financial statements for the year ended 30 April 2002.

Directors

The following directors have held office since 1 May 2001:

James Gray
Lewis B Gray
James J Gray
Peter Gray
James G Adams (Resigned 9 June 2001)

Principal activities and review of the business

The principal activities of the group during the year was the manufacture and repair of refrigerated and rigid trailers.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

An interim ordinary dividend was paid amounting to £182,000. The directors do not recommend payment of a final dividend.

Post balance sheet events

For details of all post balance sheet events refer to note 25 of the accounts.

Future developments

The directors intend to continue to pursue the present management policies with an emphasis on the control of costs and the maintenance of profit margins.

Purchase of own shares

During the year the group bought back 16,000 £1 Ordinary shares from James G Adams at a total cost to the company of £3.7m.

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

Gray & Adams Limited

	Ordinary shares of £ 1 each	
	30 April 2002	1 May 2001
James Gray	16,000	16,000
Lewis B Gray	2,000	2,000
James J Gray	2,000	2,000
Peter Gray	2,000	2,000

Gray & Adams (Dunfermline) Limited

	Ordinary shares of £ 1 each	
	30 April 2002	1 May 2001
James Gray	-	-
Lewis B Gray	-	-
James J Gray	-	-
Peter Gray	-	-

GRAY & ADAMS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

Gray & Adams (Ireland) Limited

	Ordinary shares of £ 1 each	
	30 April 2002	1 May 2001
James Gray	-	-
Lewis B Gray	-	-
James J Gray	-	-
Peter Gray	-	-

Gray & Adams (Doncaster) Limited

	Ordinary shares of £ 1 each	
	30 April 2002	1 May 2001
James Gray	10,000	10,000
Lewis B Gray	10,000	10,000
James J Gray	10,000	10,000
Peter Gray	10,000	10,000

Charitable donations	2002	2001
	£	£

During the year the company made the following payments:

Charitable donations	14,000	12,000
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Employee involvement

Staff involvement in performance is encouraged through a bonus scheme. The group consults with representatives of the employees in matters which concern them. Due to the type of work undertaken by the group, that is, heavy manual labour, they have a permit which exempts them from employing persons registered as disabled. If any existing employee were to become disabled, every effort would be made to provide continuity of employment in the same job, or suitable alternative.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Johnston Carmichael CA be reappointed as auditors of the company will be put to the Annual General Meeting.

GRAY & ADAMS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



James Watt

Secretary

24 February 2003

GRAY & ADAMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRAY & ADAMS LIMITED

We have audited the financial statements of Gray & Adams Limited on pages 5 to 26 for the year ended 30 April 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the 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 and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 30 April 2002 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Johnston Carmichael

Chartered Accountants
Registered Auditor

26 February, 2003

Bishops Court
29 Albyn Place
Aberdeen
AB10 1YL

GRAY & ADAMS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2002

	Notes	2002 £	2001 £
Turnover	2	65,899,929	57,917,668
Cost of sales		(56,598,013)	(49,472,622)
Gross profit		9,301,916	8,445,046
Administrative expenses		(6,416,404)	(6,305,614)
Other operating income		140,023	19,288
Operating profit	3	3,025,535	2,158,720
Profit on sale of fixed assets		10,447	222
Profit on ordinary activities before interest		3,035,982	2,158,942
Other interest receivable and similar income		335,737	517,026
Interest payable and similar charges	4	(21,023)	(12,191)
Profit on ordinary activities before taxation		3,350,696	2,663,777
Tax on profit on ordinary activities	5	(1,070,763)	(810,734)
Profit on ordinary activities after taxation		2,279,933	1,853,043
Minority interests		(301,460)	(349,149)
Profit for the financial year	6	1,978,473	1,503,894
Dividends	7	(182,000)	-
Retained profit for the year	18	1,796,473	1,503,894

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GRAY & ADAMS LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 APRIL 2002

	2002 £	2001 £
Profit for the financial year	2,279,933	1,853,043
Prior year adjustment	-	163,499
Total gains and losses recognised since last financial statements	<u>2,279,933</u>	<u>1,689,544</u>

GRAY & ADAMS LIMITED

BALANCE SHEETS AS AT 30 APRIL 2002

		Group		Company	
	Notes	2002	2001	2002	2001
		£	£	£	£
Fixed assets					
Tangible assets	8	11,461,041	12,292,169	8,978,145	9,842,882
Investments	9	-	-	286,250	286,250
		<u>11,461,041</u>	<u>12,292,169</u>	<u>9,264,395</u>	<u>10,129,132</u>
Current assets					
Stocks	10	7,762,562	6,594,161	6,003,102	4,995,539
Debtors	11	11,363,098	6,278,198	8,291,518	3,928,698
Cash at bank and in hand		7,300,312	11,197,077	5,891,927	9,519,511
		<u>26,425,972</u>	<u>24,069,436</u>	<u>20,186,547</u>	<u>18,443,748</u>
Creditors: amounts falling due within one year	12	(12,252,738)	(8,852,341)	(9,817,025)	(6,848,525)
Net current assets		<u>14,173,234</u>	<u>15,217,095</u>	<u>10,369,522</u>	<u>11,595,223</u>
Total assets less current liabilities		<u>25,634,275</u>	<u>27,509,264</u>	<u>19,633,917</u>	<u>21,724,355</u>
Creditors: amounts falling due after more than one year	13	(11,125)	(42,026)	(11,125)	(42,026)
Provisions for liabilities and charges	14	(125,053)	(206,202)	(48,033)	(119,045)
Accruals and deferred income	15	(173,710)	(195,582)	(20,000)	(25,000)
		<u>25,324,387</u>	<u>27,065,454</u>	<u>19,554,759</u>	<u>21,538,284</u>
Capital and reserves					
Called up share capital	17	24,000	35,000	24,000	35,000
Other reserves	18	154,117	143,117	16,000	5,000
Profit and loss account	18	22,451,901	24,271,116	19,514,759	21,498,284
Shareholders' funds - equity interests	20	<u>22,630,018</u>	<u>24,449,233</u>	<u>19,554,759</u>	<u>21,538,284</u>
Minority interests	19	<u>2,694,369</u>	<u>2,616,221</u>	-	-
		<u>25,324,387</u>	<u>27,065,454</u>	<u>19,554,759</u>	<u>21,538,284</u>

The financial statements were approved by the board on 24 February 2003

Lewis B Gray
Director



GRAY & ADAMS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2002

	2002		2001	
	£	£	£	£
Net cash inflow from operating activities		919,867		3,299,286
Returns on investments and servicing of finance				
Interest received	330,822		517,026	
Interest paid	(21,210)		(12,191)	
Dividends paid to minorities	(139,000)		(150,800)	
Net cash inflow for returns on investments and servicing of finance		170,612		354,035
Taxation		(833,938)		(1,070,729)
Capital expenditure				
Payments to acquire tangible assets	(857,018)		(1,694,903)	
Receipts from sales of tangible assets	689,276		285,030	
Net cash outflow for capital expenditure		(167,742)		(1,409,873)
Equity dividends paid		(182,000)		-
Net cash (outflow)/inflow before management of liquid resources and financing		(93,201)		1,172,719
Financing				
Purchase of own shares	(3,700,000)		-	
Capital element of hire purchase contracts	(103,564)		(16,849)	
Capital element of finance lease contracts	-		(8,548)	
Net cash outflow from financing		(3,803,564)		(25,397)
Decrease in cash in the year		(3,896,765)		1,147,322

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2002

1	Reconciliation of operating profit to net cash inflow from operating activities	2002	2001
		£	£
	Operating profit	3,025,535	2,158,720
	Depreciation of tangible assets	1,130,058	984,084
	Increase in stocks	(1,168,401)	(216,725)
	(Increase)/decrease in debtors	(5,079,985)	1,754,815
	Increase/(decrease) in creditors within one year	3,034,532	(1,359,497)
	Movement on grant provision	(21,872)	(22,111)
	Net cash inflow from operating activities	919,867	3,299,286

2	Analysis of net funds	1 May 2001	Cash flow	Other non-cash changes	30 April 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	11,220,139	(3,919,827)	-	7,300,312
	Bank overdrafts	(23,062)	23,062	-	-
		<u>11,197,077</u>	<u>(3,896,765)</u>	<u>-</u>	<u>7,300,312</u>
	Finance leases	(209,651)	103,564	(111,000)	(217,087)
	Net funds	10,987,426	(3,793,201)	(111,000)	7,083,225

3	Reconciliation of net cash flow to movement in net debt	2002	2001
		£	£
	(Decrease)/increase in cash in the year	(3,896,765)	1,147,322
	Cash outflow from decrease in debt	103,564	25,397
	Change in net debt resulting from cash flows	(3,793,201)	1,172,719
	New finance lease	(111,000)	(148,000)
	Movement in net funds in the year	(3,904,201)	1,024,719
	Opening net funds	10,987,426	9,962,707
	Closing net funds	7,083,225	10,987,426

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

1.2 Basis of consolidation

The group financial statements consolidate the accounts of Gray & Adams Limited and all its subsidiary undertakings, Gray & Adams (Ireland) Limited, Gray & Adams (Dunfermline) Limited and Gray & Adams (Doncaster) Limited, made up to 30 April 2002. Although the holding company, Gray & Adams Limited, holds only 20% of the Ordinary share capital of Gray & Adams (Doncaster) Limited, under the terms of Financial Reporting Standard No 2, the directors are of the opinion the Gray and Adams Limited has both a participating interest in the company and actually exercises a dominant influence and therefore Gray & Adams (Doncaster) Limited has been accounted for as a subsidiary and consolidated.

Turnover and profits arising on trading between group companies have been eliminated.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	- 5% straight line
Freehold land and residential property	- not depreciated (see note 8)
Plant and vehicles	- 15% reducing balance
Fixtures & equipment	- 15% reducing balance

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock and work in progress are valued at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost is defined as amounts incurred in bringing each item to its present location and condition. In the case of raw materials and goods for re-sale on a first in first out basis; and in the case of work in progress and manufactured goods as cost of direct materials and labour plus attributable overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

1 Accounting policies

(continued)

1.8 Pensions

The group operates certain defined benefit pension schemes which cover more than 300 eligible employees. The schemes provide benefits based on final pensionable pay. The assets of the schemes are held separately from those of the group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employee's working lives with the group. Variations from regular pension costs are charged or credited to the profit and loss account over the estimated average remaining working life of the scheme members.

All new employees will no longer be introduced into the existing scheme above, instead the group shall make a contribution, if it chooses to do so, towards the individual's personal pension.

The group also operates a defined contribution pension scheme for certain employees. The amounts charged to the profit and loss account are the contributions payable in the year. The assets of the scheme are held separately from the group.

Further information on pension arrangements is provided in note 16.

1.9 Deferred taxation

Deferred tax is provided in full on timing differences which results in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. 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 they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Government grants

Government grants of a capital nature are stated in the balance sheet as deferred income and credited to the profit and loss account by instalments over the expected useful life of the related assets, on a basis consistent with the depreciation policy. Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2002 £	2001 £
Geographical segment		
UK	63,248,823	56,257,054
Europe	1,224,461	1,308,360
Rest of World	1,426,645	352,254
	<u>65,899,929</u>	<u>57,917,668</u>

3 Operating profit

Operating profit is stated after charging:

	2002 £	2001 £
Depreciation of tangible assets	1,130,058	984,084
Loss on foreign exchange transactions	6,128	1,921
Auditors' remuneration	51,851	42,047

and after crediting:

Profit on foreign exchange transactions	<u>(8,510)</u>	<u>(163,833)</u>
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4 Interest payable

	2002 £	2001 £
On bank loans and overdrafts	20,828	11,968
Lease finance charges	-	223
On overdue tax	195	-
	<u>21,023</u>	<u>12,191</u>

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

5	Taxation	2002 £	2001 £
	Domestic current year tax		
	U.K. corporation tax	1,127,556	773,621
	Adjustment for prior years	24,356	(8,369)
		<u>1,151,912</u>	<u>765,252</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	(81,149)	45,482
		<u>1,070,763</u>	<u>810,734</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>3,350,696</u>	<u>2,663,777</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001 : 30.00%)	<u>1,005,209</u>	<u>799,133</u>
	Effects of:		
	Non deductible expenses	46,630	19,794
	Depreciation add back	339,018	295,225
	Capital allowances	(278,015)	(326,402)
	Adjustments to previous periods	24,356	(8,369)
	Chargeable disposals	(7,156)	(118)
	Other tax adjustments	21,870	(14,011)
		<u>146,703</u>	<u>(33,881)</u>
	Current tax charge	<u>1,151,912</u>	<u>765,252</u>

6 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2002 £	2001 £
Holding company's profit for the financial year	<u>1,870,475</u>	<u>1,398,786</u>

7 Dividends

	2002 £	2001 £
Ordinary interim paid	<u>182,000</u>	<u>-</u>

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

8 Tangible fixed assets Group

	Land and buildings	Freehold land and residential property	Plant and vehicles	Fixtures & equipment	Total
	£	£	£	£	£
Cost					
At 1 May 2001	10,219,976	299,084	7,736,116	114,897	18,370,073
Additions	148,210	-	822,992	6,556	977,758
Disposals	(235,500)	-	(730,141)	-	(965,641)
At 30 April 2002	10,132,686	299,084	7,828,967	121,453	18,382,190
Depreciation					
At 1 May 2001	2,021,227	-	3,993,801	62,875	6,077,903
On disposals	-	-	(286,812)	-	(286,812)
Charge for the year	233,585	-	883,047	13,426	1,130,058
At 30 April 2002	2,254,812	-	4,590,036	76,301	6,921,149
Net book value					
At 30 April 2002	7,877,874	299,084	3,238,931	45,152	11,461,041
At 30 April 2001	8,258,749	239,084	3,742,315	52,021	12,292,169

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and vehicles	Fixtures & equipment	Total
	£	£	£
Net book values			
At 30 April 2002	24,308	-	24,308
At 30 April 2001	208,236	-	208,236
Depreciation charge for the year			
30 April 2002	7,679	-	7,679
30 April 2001	18,745	-	18,745

Freehold residential property has not been depreciated which is not in accordance with FRS 15. In the directors opinion the effect of this is not considered to be material. The cost of non-depreciable assets included within land and buildings is £5.39m.

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

8 Tangible fixed assets (continued)

Company

	Land and buildings £	Plant and vehicles £	Total £
Cost			
At 1 May 2001	7,980,820	6,128,408	14,109,228
Additions	52,010	514,305	566,315
Disposals	(235,500)	(564,516)	(800,016)
At 30 April 2002	7,797,330	6,078,197	13,875,527
Depreciation			
At 1 May 2001	1,265,120	3,001,226	4,266,346
On disposals	-	(205,732)	(205,732)
Charge for the year	123,425	713,343	836,768
At 30 April 2002	1,388,545	3,508,837	4,897,382
Net book value			
At 30 April 2002	6,408,785	2,569,360	8,978,145
At 30 April 2001	6,715,700	3,127,182	9,842,882

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and vehicles £	Total £
Net book values		
At 30 April 2002	24,308	24,308
At 30 April 2001	208,236	208,236
Depreciation charge for the year		
30 April 2002	7,679	7,679
30 April 2001	18,745	18,745

Freehold residential property has not been depreciated which is not in accordance with FRS 15. In the directors opinion the effect of this is not considered to be material. The cost of non-depreciable assets included within land and buildings is £5.39m.

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

9 Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 May 2001 & at 30 April 2002	286,250
At 30 April 2001	286,250

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Gray & Adams (Doncaster) Limited	Scotland	Ordinary	21
Gray & Adams (Ireland) Limited	Northern Ireland	Ordinary	100
Gray & Adams (Dunfermline) Limited	Scotland	Ordinary	75

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Gray & Adams (Doncaster) Limited	Manufacture and repair of refrigerated and rigid trailers.
Gray & Adams (Ireland) Limited	Manufacture and repair of refrigerated and rigid trailers.
Gray & Adams (Dunfermline) Limited	Manufacture and repair of refrigerated and rigid trailers.

10 Stocks and work in progress

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Raw materials and consumables	3,107,947	2,890,626	2,617,150	2,414,969
Work in progress	4,654,615	3,703,535	3,385,952	2,580,570
	<u>7,762,562</u>	<u>6,594,161</u>	<u>6,003,102</u>	<u>4,995,539</u>

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

11 Debtors

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	10,922,877	5,801,388	7,659,217	3,591,142
Amounts owed by group undertakings	-	-	468,511	-
Other debtors	269,493	373,520	163,790	337,556
Prepayments and accrued income	170,728	103,290	-	-
	<u>11,363,098</u>	<u>6,278,198</u>	<u>8,291,518</u>	<u>3,928,698</u>

12 Creditors : amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Net obligations under finance lease and hire purchase contracts	205,962	167,625	205,962	167,625
Trade creditors	8,067,187	5,846,125	6,702,324	4,520,262
Amounts owed to group undertakings	-	-	-	161,454
Corporation tax	726,596	408,622	593,764	170,374
Taxes and social security costs	1,177,681	477,298	913,073	359,872
Accruals and deferred income	2,075,312	1,952,671	1,401,902	1,468,938
	<u>12,252,738</u>	<u>8,852,341</u>	<u>9,817,025</u>	<u>6,848,525</u>

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

13 Creditors : amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Net obligations under finance leases and hire purchase agreements	11,125	42,026	11,125	42,026
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	211,615	181,706	211,615	181,706
Repayable between one and five years	12,615	46,460	12,615	46,460
	224,230	228,166	224,230	228,166
Finance charges and interest allocated to future accounting periods	(7,143)	(18,515)	(7,143)	(18,515)
	217,087	209,651	217,087	209,651
Included in liabilities falling due within one year	(205,962)	(167,625)	(205,962)	(167,625)
	11,125	42,026	11,125	42,026

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

14 Provisions for liabilities and charges

Group

	Deferred taxation £
Balance at 1 May 2001	206,202
Profit and loss account	(81,149)
Balance at 30 April 2002	<u>125,053</u>

Company

Balance at 1 May 2001	119,045
Profit and loss account	(71,012)
Balance at 30 April 2002	<u>48,033</u>

Deferred taxation provided in the financial statements is as follows:

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Accelerated capital allowances	206,226	313,795	95,861	166,873
Other timing differences	(81,173)	(107,593)	(47,828)	(47,828)
	<u>125,053</u>	<u>206,202</u>	<u>48,033</u>	<u>119,045</u>

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

15 Accruals and deferred income

Group	Government grants £
Balance at 1 May 2001	195,582
Amortisation in the year	(21,872)
Balance at 30 April 2002	<u>173,710</u>
Company	
Balance at 1 May 2001	25,000
Amortisation in the year	(5,000)
Balance at 30 April 2002	<u>20,000</u>

Government grants received may be repayable in part or in full should the group not meet certain conditions attending to the grant.

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

16 Pension costs

Defined Benefit - SSAP 24 Disclosures

The group operates a funded defined benefit pension scheme for some of its employees, the funds of which are administered by the scheme's trustees. Actuarial valuations are carried out every three years using a projected unit method and contributions are made in accordance with the actuary's recommendations. The cost of these contributions is charged against the profit in the year in which they are made. For 2002, this contribution was £718,000 (2001 - £709,000).

The most recent actuarial valuation was carried out as at 31 July 2001 using the following assumptions:-

Rate of return on investment - 8.5% per annum
Average increase in pensionable salaries - 7% per annum
Average remaining service life - 12 years

The market value of the scheme's assets at the date of the last valuation amounted to £11.9 million which represented a funding level of 103%.

Defined Benefit - FRS 17 Retirement benefits

The following disclosures are provided under the transitional arrangements for FRS 17 which requires certain disclosures only for periods ending subsequent to June 2001. The amounts disclosed under these transitional arrangements are not included in the Group's financial statements.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 31 July 2001 and updated to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 April 2002. Scheme assets are stated at the market value at 30 April 2002.

The group made contributions of £718,000 during the year. This is the equivalent to approximately 18.0% of pensionable pay in respect of the directors and senior executive members and 6.8% of pensionable pay in respect of other members. The contribution rates are due to be reviewed by 30 September 2002.

2002
%

The main financial assumptions are as follows:

Rate of increase in salaries	3.75
Allowance for pension in payment increases of 5% per annum or inflation if less	2.75
Allowance for revaluation of 5% per annum or RPI if less in respect of deferred pensioners	2.75
Discount rate	5.75
Inflation assumption	2.75

The long term expected rates of return are as follows:

Equities	7.00
Bonds	5.50
Property	7.00
Other assets	4.00

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

16 Pension costs

(continued)

	2002 £
The assets in the scheme are as follows:	
Equities	11,869,000
Bonds	1,549,000
Property	155,000
Other assets	507,000
	<u>14,080,000</u>
Present value of scheme liabilities	15,631,000
	<u>(1,551,000)</u>
Deficit in scheme	(1,551,000)
Related deferred tax asset	465,300
	<u>(1,085,700)</u>

If these figures had been incorporated into the Group's financial statements then the Reserves would have been:

	2002 £
Profit and loss reserve excluding pension liability	22,451,901
Pension liability	(1,551,000)
Related deferred tax asset	465,300
	<u>21,366,201</u>

17 Share capital

	2002 £	2001 £
Authorised		
35,000 Ordinary shares of £ 1 each	<u>35,000</u>	<u>35,000</u>
Allotted, called up and fully paid		
24,000 Ordinary shares of £ 1 each	<u>24,000</u>	<u>35,000</u>

During the year the company repurchased 11,000 £1 Ordinary shares from J G Adams at a total cost to the company of £3.7m.

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

18 Statement of movements on reserves Group

	Other reserves £	Profit and loss account £
Balance at 1 May 2001	143,117	24,271,116
Retained profit for the year	-	1,796,473
Transfer of minority interest reserves	-	84,312
Purchase of own shares	11,000	(3,700,000)
Balance at 30 April 2002	<u>154,117</u>	<u>22,451,901</u>

Other reserves

Capital redemption reserve

Balance at 1 May 2001	5,000
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Capital redemption reserve movement	11,000
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Balance at 30 April 2002	<u>16,000</u>
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Capital reserve

Balance at 1 May 2001 & at 30 April 2002	<u>138,117</u>
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Company

	Other reserves (see below) £	Profit and loss account £
Balance at 1 May 2001	5,000	21,498,284
Retained profit for the year	-	1,684,475
Purchase of own shares	11,000	(3,668,000)
Balance at 30 April 2002	<u>16,000</u>	<u>19,514,759</u>

Other reserves

Capital redemption reserve

Balance at 1 May 2001	5,000
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Capital redemption reserve movement	11,000
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Balance at 30 April 2002	<u>16,000</u>
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GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

19	Minority interests	2002	2001
		£	£
	Minority interests' share of net assets and liabilities in subsidiary undertakings	2,694,369	2,616,221
		<u> </u>	<u> </u>
20	Reconciliation of movements in shareholders' funds	2002	2001
	Group	£	£
	Profit for the financial year	1,978,473	1,503,894
	Dividends	(182,000)	-
	Purchase of own shares	(3,700,000)	-
	Transfer from minority interests	84,312	-
		<u> </u>	<u> </u>
	Net (depletion in)/addition to shareholders' funds	(1,819,215)	1,503,894
	Opening shareholders' funds	24,449,233	22,945,339
		<u> </u>	<u> </u>
	Closing shareholders' funds	22,630,018	24,449,233
		<u> </u>	<u> </u>
		2002	2001
	Company	£	£
	Profit for the financial year	1,870,475	1,398,786
	Dividends	(186,000)	-
	Purchase of own shares	(3,668,000)	-
		<u> </u>	<u> </u>
	Net (depletion in)/addition to shareholders' funds	(1,983,525)	1,398,786
	Opening shareholders' funds	21,538,284	20,139,498
		<u> </u>	<u> </u>
	Closing shareholders' funds	19,554,759	21,538,284
		<u> </u>	<u> </u>

21 Contingent liabilities

Group

At the year end, the group was party to certain contractual guarantees and commitments which were entered into in the normal course of business.

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

22 Directors' emoluments

	2002 £	2001 £
Emoluments for qualifying services	477,490	982,215
Company pension contributions to money purchase schemes	103,739	115,323
	<u>581,229</u>	<u>1,097,538</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2001- 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	99,069	276,418
Company pension contributions to money purchase schemes	35,921	-
	<u>134,990</u>	<u>276,418</u>

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2002 Number	2001 Number
Directors and office staff	94	72
Production and distribution staff	459	492
	<u>553</u>	<u>564</u>

Employment costs

	£	£
Wages and salaries	11,749,782	11,372,657
Social security costs	965,059	976,844
Other pension costs	718,095	708,553
	<u>13,432,936</u>	<u>13,058,054</u>

24 Control

At 30 April 2002 the group was ultimately controlled by J Gray who owned 67% of the issued share capital.

GRAY & ADAMS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2002

25 Post Balance Sheet Events

Group and company

Following a reorganisation after the year-end, a new holding company, Gray & Adams Holdings Limited, was formed and the company paid dividends of £14.7m.