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Star Refrigeration Limited

Report and Financial Statements

31 December 2002



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COMPANIES HOUSE 30/05/03

Star Refrigeration Limited

Registered No: SC 048005

Directors

A H Brown C. Eng (Chairman)
A B Pearson C. Eng
S F Pearson C. Eng PhD
J R Rowell
G D A Stuart CIMA

Secretary

G D A Stuart CIMA

Auditors

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

Bankers

The Royal Bank of Scotland plc
300 Bath Street
Glasgow
G2 4RS

Solicitors

Maclay Murray & Spens
151 St Vincent Street
Glasgow
G2 5NJ

Registered Office

Thornliebank Industrial Estate
Glasgow
G46 8JW

Notice of Annual General Meeting

Notice is hereby given that the thirty second Annual General Meeting of the company will be held at the The Hilton Hotel, Stewartfield Way, East Kilbride, on Wednesday, 23 April 2003 at 5 pm for the purpose of transacting the following business:

1. To receive the directors' report and financial statements for the year ended 31 December 2002 and the auditors' report thereon.
2. To declare a dividend.
3. To re-elect Mr A H Brown, who is retiring by rotation, as a director.
4. To re-elect Dr S F Pearson, who is retiring by rotation, as a director.
5. To re-appoint Ernst & Young LLP as auditors and authorise the directors to fix their remuneration.

On behalf of the Board

G. Stuart.

G D A Stuart
Secretary

Thornliebank Industrial Estate
Glasgow
G46 8JW

10 March 2003

Every shareholder is entitled to attend and vote. Any person so entitled may appoint a proxy (whether a shareholder or not) to attend and, on a poll, to vote in his stead.

Directors' Report

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

Results and dividends

The profit for the year, after taxation, amounted to £504,000 (2001: £146,000). The directors recommend a final ordinary dividend of 10p per share, amounting to £82,000, which leaves a surplus of £422,000 to be transferred to reserves.

Principal activity

The company's principal activity continues to be industrial refrigeration engineering, the design, manufacture, installation and maintenance of industrial refrigeration plant. The major uses of this plant are in temperature controlled stores, food processing factories, breweries, industrial processing and ice rinks.

Review of the business and future developments

The company has made steady progress towards its objectives in 2002.

The market continues to be extremely price sensitive but margins have been maintained through increased focus on value adding activities.

Sales revenue from the Contracts Group fell short of that forecast for the period. This was mainly due to orders being received later than anticipated and these will appear as sales in 2003.

The Operations Group exceeded its targets in all areas and continues its concentration on Starcare and other long-term service agreements with key customers.

Technical development has largely centred around new refrigerant mixtures and the application of CO₂.

Development of staff and business processes will continue to receive significant investment. The company achieved accreditation to ISO 9001:2000 standard in November 2002 and will be assessed for the Investors in People award in the current year.

Directors and their interests

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

	<i>At 31 December 2002</i>	<i>At 1 January 2002</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
Mr A H Brown (Chairman)	134,400	134,400
Mr A B Pearson	67,500	67,400
Dr S F Pearson	65,000	65,000
Mr J R Rowell	20,800	21,920
Mr G D A Stuart	4,900	4,750

Directors' Report

Directors and their interests (continued)

At 31 December 2002, the Louis Sterne Trust, of which Mr A H Brown is a trustee, held 29,140 of the company's shares (1 January 2002: 29,140).

Mr A H Brown and Dr S F Pearson retire by rotation and, being eligible, each offers himself for re-election at the forthcoming Annual General Meeting.

Charitable and political contributions

Charitable donations totalling £550 were made during the year.

Auditors

A resolution to reappoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

On behalf of the Board



G D A Stuart
Secretary

10 March 2003

Statement of Directors' Responsibilities in Respect of the Financial Statements

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

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent;*
- *state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.*

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 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 Star Refrigeration Limited

We have audited the company's financial statements for the year ended 31 December 2002 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow

10 March 2003

Profit and Loss Account

For the year ended 31 December 2002

	Note	2002 £000	2001 £000
Turnover	2	22,080	26,461
(Increase) in work in progress		(895)	(14)
		<u>21,185</u>	<u>26,447</u>
Raw materials and consumables		12,077	18,357
Other external charges		1,015	872
		<u>13,092</u>	<u>19,229</u>
		<u>8,093</u>	<u>7,218</u>
Staff costs	4	7,169	6,800
Depreciation		224	215
		<u>7,393</u>	<u>7,015</u>
Operating profit	3	700	203
Interest receivable	5	30	23
Interest payable	6	(6)	(17)
Profit on ordinary activities before taxation	7b	724	209
Tax on profit on ordinary activities	7a	(220)	(63)
Profit for the financial year	19	504	146
Dividends	8/19	(82)	(41)
Profit retained for the financial year		<u>422</u>	<u>105</u>

Statement of Total Recognised Gains and Losses

for the year ended 31 December 2002

There are no recognised gains or losses other than the profit for the financial year of £504,000 in 2002 and £146,000 in 2001.

Balance Sheet

at 31 December 2002

	Note	2002 £000	2001 £000
Fixed assets			
Tangible assets	9	1,878	1,970
Current assets			
Stocks	10	1,621	976
Debtors	11	3,108	3,316
Cash at bank and in hand		1,003	514
		5,732	4,806
Creditors: amounts falling due within one year	12	(4,804)	(4,161)
Net current assets		928	645
Total assets less current liabilities		2,806	2,615
Creditors: amounts falling due after more than one year			
Loans	13	-	(10)
Obligations under finance leases and hire purchase contracts	14	(10)	-
Provisions for liabilities and charges	15	(425)	(644)
Accruals and deferred income			
Deferred government grants	17	(179)	(194)
		(614)	(848)
		2,192	1,767
Capital and reserves			
Called up share capital	18/19	818	816
Share premium account	19	11	10
Profit and loss account	19	1,363	941
Equity shareholders' funds		2,192	1,767



J R Rowell
Director

10 March 2003

Statement of Cash Flows

For the year ended 31 December 2002

	<i>Note</i>	<i>2002</i> <i>£000</i>	<i>2001</i> <i>£000</i>
Net cash inflow from operating activities	3c	787	682
Returns on investments and servicing of finance			
Bank interest paid		(5)	(17)
Finance lease interest paid		(1)	-
Interest received		30	23
		24	6
Taxation			
Corporation tax paid		(50)	(48)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(112)	(145)
Receipts from sale of tangible fixed assets		2	6
		(110)	(139)
Equity dividends paid		(41)	(41)
Net cash inflow before financing		610	460
Financing			
Issue of ordinary share capital		3	3
Repayments of capital element of finance leases and hire purchase contracts		(9)	-
Bank loan instalments paid		(115)	(112)
		(121)	(109)
Increase in cash		489	351
Reconciliation of net cash flow to movement in net funds/(debt)			
	<i>Note</i>	<i>2002</i> <i>£000</i>	<i>2001</i> <i>£000</i>
Increase in cash		489	351
Cash used to repay capital element of finance leases and hire purchase contracts		9	-
Cash outflow from decrease in loans		115	112
Change in net funds resulting from cash flows	3d	613	463
New finance leases and hire purchase contracts		(28)	-
Movement in net funds		585	463
Net funds at 1 January	3d	399	(64)
Net funds at 31 December	3d	984	399

Notes to the Financial Statements

at 31 December 2002

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain leasehold properties.

In preparing the financial statements for the current year the company has adopted FRS 18 "Accounting Policies" and FRS 19 "Deferred Tax". Adoption of these standards has not required any revisions to the financial statements in either the current or prior periods.

Fixed assets

All fixed assets are initially recorded at cost. Certain leasehold properties have subsequently been revalued at 31 December 1989, with the revaluation surplus being taken to a revaluation reserve. The revaluation reserve was used subsequently for a scrip issue of ordinary shares. The company has adopted the transitional provisions of FRS 15, and therefore these valuations have not been updated.

Depreciation

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

Freehold property	-	over 25 years
Leasehold property	-	shorter of 50 years or over the lease term
Plant and equipment	-	over 3 to 10 years
Fixtures and fittings	-	over 10 years
Motor vehicles	-	over 3 to 8 years

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

Repairs and renewals

Repairs and renewals expenditure is written off in the year in which it is incurred.

Government grants

Government grants related to expenditure on tangible assets are credited to profit and loss account at the same rate as the depreciation on the assets to which the grants relate. The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less the amounts so far credited to profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw materials	-	purchase cost on a first-in, first-out basis.
Work in progress	-	cost of direct materials, sub-contractors' costs and direct labour plus attributable production overheads based on normal levels of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Payments on account received and receivable are deducted from work in progress or, to the extent that they exceed the stated value of work in progress, are included in creditors.

Notes to the Financial Statements

at 31 December 2002

1. Accounting policies (continued)

Research and development

Research and development expenditure is written off in the year of expenditure.

Provision for guarantees

Provision is made for liabilities estimated to arise in the future under guarantees on completed contracts.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

Pensions

The company 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.

2. Turnover

Turnover represents the invoiced value of sales, excluding value added tax of work completed in the year adjusted for the carrying value of work in progress.

Turnover is attributable to one continuing activity, the manufacture and commissioning of industrial refrigeration plant, and also to related service, maintenance, supply of spares and product licence fees.

All of the turnover is attributable to sales in the United Kingdom, except for less than 1% of turnover which is attributable to overseas sales.

Notes to the Financial Statements

at 31 December 2002

3. Operating profit

(a) *This is stated after charging/(crediting):*

	2002	2001
	£000	£000
Depreciation - owned assets	217	210
- assets held under finance leases and hire purchase contracts	7	5
	<u>224</u>	<u>215</u>
Loss on disposal of tangible fixed assets	6	12
Release from deferred Government grants	(15)	(15)
Development costs	35	11
Auditors remuneration - audit services	16	17
- other services	6	5
Operating lease rentals - land and buildings	97	109
- plant and machinery	623	583
	<u>623</u>	<u>583</u>

(b) *Directors' emoluments:*

	2002	2001
	£000	£000
Emoluments	255	232
	<u>255</u>	<u>232</u>
Company contributions paid to money purchase pension scheme	14	14
	<u>14</u>	<u>14</u>
	No	No
Members of money purchase pension scheme	3	3
	<u>3</u>	<u>3</u>

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

	£000	£000
Emoluments	78	70
	<u>78</u>	<u>70</u>
Company contributions paid to money purchase pension scheme	6	5
	<u>6</u>	<u>5</u>

(c) *Reconciliation of operating profit to net cash inflow from operating activities:*

	£000	£000
Operating profit	700	203
Depreciation	224	215
Loss on disposal of fixed assets	6	12
Government grants released	(15)	(15)
(Increase) in stocks	(645)	(206)
Decrease/(increase) in debtors	208	(448)
Increase in creditors	504	615
(Decrease)/increase in guarantee provision	(195)	306
	<u>787</u>	<u>682</u>

Notes to the Financial Statements

at 31 December 2002

3. Operating profit (continued)

(d) Analysis of changes in net funds:

	At 1 January 2002 £000	Cash flow £000	Other changes £000	At 31 December 2002 £000
Cash at bank and in hand	514	489	-	1,003
Finance leases and hire purchase contracts	-	9	(28)	(19)
Loan	(115)	115	-	-
	<u>399</u>	<u>613</u>	<u>(28)</u>	<u>984</u>

4. Staff costs

	Note	2002 £000	2001 £000
Wages and salaries		6,028	5,699
Social security costs		639	611
Pension costs	22	482	490
Other staff costs		20	-
		<u>7,169</u>	<u>6,800</u>

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

	No	No
Management and sales	67	64
Technical and production	177	172
	<u>244</u>	<u>236</u>

5. Interest receivable

	2002 £000	2001 £000
Interest on short-term deposits	30	22
Other interest	-	1
	<u>30</u>	<u>23</u>

6. Interest payable and similar charges

	2002 £000	2001 £000
Finance charges payable under finance leases and hire purchase contracts	1	-
Bank overdraft	5	17
	<u>6</u>	<u>17</u>

Notes to the Financial Statements

at 31 December 2002

7. Taxation

(a) Taxation on profit on ordinary activities

	Note	2002 £000	2001 £000
The charge comprises:			
UK Corporation tax:			
Current year		244	51
Adjustments to prior years		-	(1)
		<u>244</u>	<u>50</u>
Deferred taxation	7c	(24)	13
		<u>220</u>	<u>63</u>

(b) Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period is higher (2001: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2002 £000	2001 £000
Profit on ordinary activities before tax	724	209
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	217	62
Effect of:		
Disallowed expenses and non taxable income	28	27
Depreciation in excess of capital allowances	10	5
Other timing differences	6	(18)
Adjustments in respect of previous periods	-	(1)
Differences in tax rates	(17)	(25)
Current tax charge for the period	<u>244</u>	<u>50</u>

(c) Deferred taxation

The movement in the deferred taxation balance in the year is as follows:

	£000	£000
Amount provided at 1 January 2002		100
Transfer for the year	(15)	
Adjustment to prior year	(9)	
		<u>(24)</u>
Amount provided at 31 December 2002		<u>76</u>

Notes to the Financial Statements

at 31 December 2002

7. Taxation (continued)

(c) Deferred taxation (continued)

	Note	2002 £000	2001 £000
Accelerated capital allowances		82	100
Short term timing differences		(6)	-
	15	<u>76</u>	<u>100</u>

The above net liabilities are stated at 30% (2001: 30%).

8. Dividends

	2002 £000	2001 £000
Equity dividends on ordinary shares:		
Proposed dividend of 10p per ordinary share (2001: 5p)	82	41

9. Tangible fixed assets

	Property			Plant and equipment	Motor vehicles	Total
	Freehold £000	Long leasehold £000	Short leasehold £000	£000	£000	£000
Cost or valuation:						
1 January 2002						
- cost	1,115	248	80	1,520	12	2,975
- valuation	-	319	-	-	-	319
	<u>1,115</u>	<u>567</u>	<u>80</u>	<u>1,520</u>	<u>12</u>	<u>3,294</u>
Additions	-	6	-	134	-	140
Disposals	-	-	-	(152)	(2)	(154)
31 December 2002	<u>1,115</u>	<u>573</u>	<u>80</u>	<u>1,502</u>	<u>10</u>	<u>3,280</u>
Depreciation:						
1 January 2002	296	74	55	891	8	1,324
Provided during the year	45	8	3	167	1	224
Disposals	-	-	-	(144)	(2)	(146)
31 December 2002	<u>341</u>	<u>82</u>	<u>58</u>	<u>914</u>	<u>7</u>	<u>1,402</u>
Net book value:						
31 December 2002	<u>774</u>	<u>491</u>	<u>22</u>	<u>588</u>	<u>3</u>	<u>1,878</u>
1 January 2002	<u>819</u>	<u>493</u>	<u>25</u>	<u>629</u>	<u>4</u>	<u>1,970</u>

Notes to the Financial Statements

at 31 December 2002

9. Tangible fixed assets (continued)

Long leasehold properties were valued by the directors at open market value, on an existing use basis, at 31 December 1989. On the implementation of FRS15, the company followed the transitional provisions to retain the book value of these revalued assets, but not to adopt a policy of revaluation in the future. Had no revaluations taken place, long leasehold property would have been stated on the historical cost basis as follows:

	2002	2001
	£000	£000
Cost at 31 December	414	407
Accumulated historic depreciation	(64)	(58)
Net book value at 31 December	350	349

Included in plant and equipment at 31 December 2002 are assets with a net book value of £21,000 which are subject to current finance leases and hire purchase contracts (2001: £Nil).

10. Stocks

	2002	2001
	£000	£000
Work in progress - costs less loss provisions	3,483	2,588
- payments on account received or receivable	(2,234)	(2,004)
Raw material and consumables	1,249	584
	372	392
	1,621	976

11. Debtors

	2002	2001
	£000	£000
Trade debtors	2,599	2,032
Other debtors	125	37
Prepayments and accrued income	384	1,247
	3,108	3,316

Notes to the Financial Statements

at 31 December 2002

12. Creditors: amounts falling due within one year

	Note	2002 £000	2001 £000
Current instalments due on bank loan	13	-	105
Payments on account		1,137	645
Trade creditors		1,868	1,927
Obligations under finance leases and hire purchase contracts	14	9	-
Corporation tax		244	50
Other taxes and social security costs		629	593
Accruals		835	800
Proposed dividend		82	41
		<u>4,804</u>	<u>4,161</u>

13. Loans

	Note	2002 £000	2001 £000
Bank loan of £500,000 repayable by instalments wholly within five years:			
Loan instalments are analysed as follows:			
Current obligations	12	-	105
Non-current obligations		-	10
		<u>-</u>	<u>115</u>

The bank loan which was secured by a fixed charge on the company's freehold property and by a bond and floating charge over all of the assets of the company was repaid in full during the year.

14. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:

	Note	2002 £000	2001 £000
Amounts payable:			
In one year or less		9	-
Within two years but less than five years		12	-
		<u>21</u>	<u>-</u>
Finance charges allocated to future periods		(2)	-
		<u>19</u>	<u>-</u>
Finance leases and hire purchase contracts are analysed as follows:			
Current obligations	12	9	-
Non-current obligations		10	-
		<u>19</u>	<u>-</u>

Notes to the Financial Statements

at 31 December 2002

15. Provisions for liabilities and charges

	<i>Note</i>	<i>2002</i>	<i>2001</i>
		<i>£000</i>	<i>£000</i>
Provision for guarantee costs	16	349	544
Deferred taxation	7c	76	100
		<u>425</u>	<u>644</u>

16. Provision for guarantee costs

	<i>Note</i>	<i>2002</i>	<i>2001</i>
		<i>£000</i>	<i>£000</i>
At 1 January		544	238
Arising during the year		226	468
Utilised/written back in year		(421)	(162)
At 31 December	15	<u>349</u>	<u>544</u>

17. Deferred government grants

	<i>2002</i>	<i>2001</i>
	<i>£000</i>	<i>£000</i>
Balance as at 1 January	194	209
Released to profit and loss account	(15)	(15)
Balance at 31 December	<u>179</u>	<u>194</u>

18. Share capital

Ordinary shares of £1 each

	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>No.</i>	<i>No.</i>	<i>£000</i>	<i>£000</i>
Authorised	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid	<u>817,525</u>	<u>815,875</u>	<u>818</u>	<u>816</u>

1,650 ordinary shares of £1 each were issued during the year for a total cash consideration of £2,600. The principal reason for this allotment was to encourage employees to participate in the ownership of the company.

Notes to the Financial Statements

at 31 December 2002

19. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2001	814	9	836	1,659
Profit for the year	-	-	146	146
Dividends	-	-	(41)	(41)
Other movements - shares issued	2	1	-	3
At 1 January 2002	816	10	941	1,767
Profit for the year	-	-	504	504
Dividends	-	-	(82)	(82)
Other movements - shares issued	2	1	-	3
At 31 December 2002	818	11	1,363	2,192

20. Contingent liabilities

The company may be called up to the extent of £610,000 (2001: £579,000) in relation to guarantees, performance bonds and other trading contingencies.

The grant of £250,000 received during 1998, in respect of the company's Thornliebank refurbishment project, may be repayable in the future if certain conditions are not met.

Bank overdraft facilities are secured by a fixed charge on the company's freehold property and by a bond and floating charge over all the assets of the company.

21. Lease commitments

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

	Land and buildings		Other	
	2002	2001	2002	2001
	£000	£000	£000	£000
Amounts payable in the next year on leases which expire:				
Within one year	4	-	41	48
In two and five years	11	5	450	314
In over five years	91	101	-	-
	106	106	491	362

22. Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge of £482,000 (2001: £490,000) represents contributions payable by the company to the fund and includes Permanent Health Insurance and Death in Service Insurance. There were no outstanding contributions payable to the fund at the year end (2001: £Nil).