

COMPANY REGISTRATION NUMBER SC177721

ALPHA SOLWAY LIMITED
ABBREVIATED ACCOUNTS
FOR
31ST DECEMBER 2003



ARMSTRONG WATSON
Chartered Accountants & Registered Auditors
Fairview House
Victoria Place
Carlisle
Cumbria
CA1 1HP



ALPHA SOLWAY LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31ST DECEMBER 2003

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ALPHA SOLWAY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr A Wright Mr MW Gibbons Mr RG Hardie
Company secretary	Mr A Wright
Registered office	Factory 1 Queensberry Street Annan Dumfriesshire DG12 5BL
Auditors	Armstrong Watson Chartered Accountants & Registered Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP
Bankers	Bank of Scotland Plc 91 High Street Dumfries DG1 2BN
Solicitors	Fyfe Ireland Orchard Brae House 30 Queensferry Road Edinburgh EH4 2HG

ALPHA SOLWAY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of manufacturing Industrial Safety & Protective Clothing and Respiratory Products.

This year showed improvement from the previous year with much better turnover and the directors view the future with cautious optimism.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

		At 31 December 2003	At 1 January 2003
Mr A Wright	Ordinary shares	3,600	—
	'A' Ord shares	—	600
Mr MW Gibbons	Ordinary shares	2,400	—
	'A' Ord shares	—	400
Mr RG Hardie	Ordinary shares	<u>2,000</u>	<u>2,000</u>

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 11 to 12, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

ALPHA SOLWAY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST DECEMBER 2003

PURCHASE OF OWN SHARES

On the 20th August 2003, the company purchased 42,300 Ordinary Shares of £0.10 each for £329,000.

At the balance sheet date, the company has a contingent agreement dated 20th August 2003 to purchase a further 4,700 of its Ordinary Shares for a consideration of £47,000. The consideration is payable in full to the vendors on completion, being 20th August 2004, in proportion to their respective holdings.

AUDITORS

A resolution to re-appoint Armstrong Watson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Factory 1
Queensberry Street
Annan
Dumfriesshire
DG12 5BL

Signed by order of the directors



MR A WRIGHT
Company Secretary

Approved by the directors on 16th April 2004

ALPHA SOLWAY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes, together with the financial statements of the company for the year ended 31st December 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

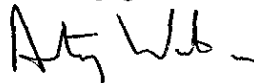
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 22 are properly prepared in accordance with those provisions.

CARLISLE

26/04/04
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ARMSTRONG WATSON
Chartered Accountants
& Registered Auditors

ALPHA SOLWAY LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST DECEMBER 2003

	Note	2003 £	2002 £
GROSS PROFIT		798,059	622,920
Distribution Costs		(295,787)	(232,605)
Administrative expenses		(315,958)	(256,040)
OPERATING PROFIT	2	186,314	134,275
Interest receivable		483	2
Interest payable and similar charges	5	(21,392)	(22,145)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		165,405	112,132
Tax on profit on ordinary activities	6	(47,346)	(25,065)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		118,059	87,067
Dividends	7	–	69,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>118,059</u>	<u>156,067</u>

All of the activities of the company are classed as continuing.

The notes on pages 11 to 22 form part of these abbreviated accounts.

ALPHA SOLWAY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31ST DECEMBER 2003

	2003	2002
	£	£
Profit for the financial year attributable to the shareholders	118,059	87,067
Unrealised profit on revaluation of certain fixed assets	<u>121,540</u>	<u>—</u>
Total gains and losses recognised since the last annual report	<u>239,599</u>	<u>87,067</u>

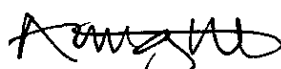
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ALPHA SOLWAY LIMITED
ABBREVIATED BALANCE SHEET
31ST DECEMBER 2003

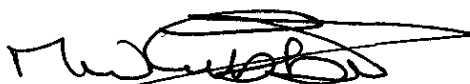
	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	435,566	334,658
Investments	9	461,906	461,906
		<u>897,472</u>	<u>796,564</u>
CURRENT ASSETS			
Stocks	10	303,710	361,777
Debtors	11	423,364	466,040
Cash at bank and in hand		<u>120,001</u>	<u>1,296</u>
		847,075	829,113
CREDITORS: Amounts falling due within one year	12	<u>306,309</u>	<u>565,332</u>
NET CURRENT ASSETS		<u>540,766</u>	<u>263,781</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,438,238</u>	<u>1,060,345</u>
CREDITORS: Amounts falling due after more than one year	13	<u>507,883</u>	<u>49,189</u>
		930,355	1,011,156
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	<u>8,600</u>	<u>—</u>
		<u>921,755</u>	<u>1,011,156</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	1,270	5,000
Share premium account	20	544,500	545,000
Revaluation reserve	21	121,540	—
Capital redemption reserve	22	4,230	—
Profit and loss account		<u>250,215</u>	<u>461,156</u>
SHAREHOLDERS' FUNDS	24	<u>921,755</u>	<u>1,011,156</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 16/1/04 and are signed on their behalf by:



 MR A WRIGHT



 MR MW GIBBONS

The notes on pages 11 to 22 form part of these abbreviated accounts.

ALPHA SOLWAY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2003

	2003		2002	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		305,372		106,919
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	483		2	
Interest paid	(19,271)		(21,366)	
Interest element of finance leases	<u>(2,121)</u>		<u>(779)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(20,909)		(22,143)
TAXATION		(24,920)		(36,065)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	<u>(6,133)</u>		<u>(2,100)</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(6,133)		(2,100)
CASH INFLOW BEFORE FINANCING		253,410		46,611
FINANCING				
Issue of equity share capital	500		—	
Share premium on issue of equity share capital	(500)		—	
Purchase of own equity shares	(4,230)		—	
Premium on purchase of own equity shares	<u>(324,770)</u>		—	
Net cash (inflow) from/outflow from bank loans	275,000		(125,000)	
Capital element of finance leases	(3,772)		(8,647)	
Net inflow from other long-term creditors	<u>75,000</u>		—	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		17,228		(133,647)
INCREASE/(DECREASE) IN CASH		<u>270,638</u>		<u>(87,036)</u>

The notes on pages 11 to 22 form part of these abbreviated accounts.

ALPHA SOLWAY LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 2003

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	186,314	134,275
Depreciation	26,765	35,902
Amortisation of government grants	—	(1,707)
Decrease/(increase) in stocks	58,067	(9,419)
Decrease/(increase) in debtors	42,676	(25,006)
Decrease in creditors	(8,450)	(27,126)
Net cash inflow from operating activities	<u>305,372</u>	<u>106,919</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	2002 £
Increase/(decrease) in cash in the period	270,638	(87,036)
Net cash (inflow) from/outflow from bank loans	(275,000)	125,000
Cash outflow in respect of finance leases	3,772	8,647
Net cash (inflow) from other long-term creditors	<u>(75,000)</u>	<u>—</u>
	(75,590)	46,611
Change in net debt	(75,590)	46,611
Net debt at 1 January 2003	<u>(328,598)</u>	<u>(375,209)</u>
Net debt at 31 December 2003	<u>(404,188)</u>	<u>(328,598)</u>

The notes on pages 11 to 22 form part of these abbreviated accounts.

ALPHA SOLWAY LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31ST DECEMBER 2003

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2003 £	Cash flows £	At 31 Dec 2003 £
Net cash:			
Cash in hand and at bank	1,296	118,705	120,001
Overdrafts	(151,933)	151,933	—
	<u>(150,637)</u>	<u>270,638</u>	<u>120,001</u>
Debt:			
Debt due within 1 year	(125,000)	110,185	(14,815)
Debt due after 1 year	(47,698)	(460,185)	(507,883)
Finance lease agreements	(5,263)	3,772	(1,491)
	<u>(177,961)</u>	<u>(346,228)</u>	<u>(524,189)</u>
Net debt	<u>(328,598)</u>	<u>(75,590)</u>	<u>(404,188)</u>

The notes on pages 11 to 22 form part of these abbreviated accounts.

ALPHA SOLWAY LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Consolidation

The financial statements contain information about Alpha Solway Limited as an individual company and do not contain consolidation financial information as the parent of the group. The company is exempt under Section 248 of the Companies Act 1985 from the requirement to prepare group accounts as the company and its subsidiary undertakings comprise a medium-sized group.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Plant & Machinery	-	10% straight line
Fixtures & Fittings	-	10% to 25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 2003

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Research and development expenditure

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

Deferred government grants

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

ALPHA SOLWAY LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST DECEMBER 2003

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003	2002
	£	£
Directors' emoluments	177,090	142,930
Amortisation of government grants re fixed assets	—	(1,707)
Depreciation of owned fixed assets	24,278	33,415
Depreciation of assets held under finance lease agreements	2,487	2,487
Auditors' remuneration		
- as auditors	5,291	4,704
Operating lease costs:		
Plant and equipment	6,051	6,312
Vehicles	26,958	25,112

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of production staff	38	43
Number of distribution staff	2	2
Number of administrative staff	3	3
Number of selling staff	7	7
Number of indirect admin staff	3	3
Number of maintenance staff	1	2
	<u>54</u>	<u>60</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	681,934	680,516
Social security costs	63,904	58,058
Other pension costs	31,999	33,333
	<u>777,837</u>	<u>771,907</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Aggregate emoluments	177,090	142,930
Value of company pension contributions to money purchase schemes	15,718	15,718
	<u>192,808</u>	<u>158,648</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 2003

4. DIRECTORS' EMOLUMENTS *(continued)*

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003	2002
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Interest payable on bank borrowing	16,518	22,019
Finance charges	2,121	779
Other similar charges payable	<u>2,753</u>	<u>(653)</u>
	<u>21,392</u>	<u>22,145</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2002 - 19.25%)	38,450	25,000
Over/under provision in prior year	<u>296</u>	<u>65</u>
Total current tax	<u>38,746</u>	<u>25,065</u>
Deferred tax:		
Increase in deferred tax provision (note 17)		
Capital allowances	<u>8,600</u>	<u>—</u>
Tax on profit on ordinary activities	<u>47,346</u>	<u>25,065</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2002 - 19.25%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>165,405</u>	<u>112,132</u>
Profit/(loss) on ordinary activities by rate of tax	31,427	21,585
Excess depreciation over capital allowances	2,326	2,639
Items disallowable for tax purposes	3,981	428
Increase/decrease in provisions	103	250
Car leasing adjustment	613	398
Over/under provision re previous years	296	65
Other adjustments	—	(300)
Total current tax (note 6(a))	<u>38,746</u>	<u>25,065</u>

7. DIVIDENDS

The following dividends have been proposed in respect of the year:

	2003 £	2002 £
Proposed dividend on ordinary shares	<u>—</u>	<u>(69,000)</u>

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Total £
COST OR VALUATION				
At 1st January 2003	318,984	236,725	72,685	628,394
Additions	3,133	3,000	—	6,133
Disposals	—	(300)	—	(300)
Revaluation	61,016	—	—	61,016
At 31st December 2003	<u>383,133</u>	<u>239,425</u>	<u>72,685</u>	<u>695,243</u>
DEPRECIATION				
At 1st January 2003	60,524	166,333	66,879	293,736
Charge for the year	9,428	14,054	3,283	26,765
On disposals	—	(300)	—	(300)
Revaluation adjustment	(60,524)	—	—	(60,524)
At 31st December 2003	<u>9,428</u>	<u>180,087</u>	<u>70,162</u>	<u>259,677</u>
NET BOOK VALUE				
At 31st December 2003	<u>373,705</u>	<u>59,338</u>	<u>2,523</u>	<u>435,566</u>
At 31st December 2002	<u>258,460</u>	<u>70,392</u>	<u>5,806</u>	<u>334,658</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 2003

Freehold property was revalued during the year by Messrs Knight Frank, Chartered Surveyors on the basis of the open market value for existing use.

No provision has been made for additional United Kingdom taxation of £1,593 which would arise if the land and buildings were disposed of at their revalued amount.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2003 £	2002 £
Net book value at end of year	<u>370,617</u>	<u>—</u>
Historical cost	<u>318,984</u>	<u>—</u>
Depreciation:		
At 1st January 2003	60,524	—
Charge for year	<u>6,380</u>	<u>—</u>
At 31st December 2003	<u>66,904</u>	<u>—</u>
Net historical cost value:		
At 31st December 2003	<u>252,080</u>	<u>—</u>
At 1st January 2003	<u>258,460</u>	<u>—</u>

Finance lease agreements

Included within the net book value of £435,566 is £16,700 (2002 - £19,187) relating to assets held under finance lease agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £2,487 (2002 - £2,487).

9. INVESTMENTS

VIENNA HOLDINGS LIMITED

	£
COST	
At 1st January 2003 and 31st December 2003	<u>901,419</u>
AMOUNTS WRITTEN OFF	
At 1st January 2003 and 31st December 2003	<u>439,513</u>
NET BOOK VALUE	
At 31st December 2003	<u>461,906</u>
At 31st December 2002	<u>461,906</u>

ALPHA SOLWAY LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31ST DECEMBER 2003

9. INVESTMENTS *(continued)*

Aggregate capital and reserves

	2003	2002
	£	£
Vienna Holdings Limited	33,233	33,233

The company owns 100% of the issued share capital of Vienna Holdings Limited, a company incorporated in Scotland.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

10. STOCKS

	2003	2002
	£	£
Raw materials	103,191	117,251
Work in progress	39,367	30,595
Finished goods	161,152	213,931
	<u>303,710</u>	<u>361,777</u>

11. DEBTORS

	2003	2002
	£	£
Trade debtors	411,408	447,063
Other debtors	—	59
Prepayments and accrued income	11,956	18,918
	<u>423,364</u>	<u>466,040</u>

12. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	14,815	276,933
Trade creditors	104,295	133,404
Other creditors including taxation and social security:		
Corporation tax	38,826	25,000
PAYE and social security	17,380	17,055
VAT	30,921	44,909
Finance lease agreements	1,491	3,772
Other creditors	30,394	30,377
	<u>119,012</u>	<u>121,113</u>
Accruals and deferred income	68,187	33,882
	<u>306,309</u>	<u>565,332</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 2003

12. CREDITORS: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2003	2002
	£	£
Bank loans and overdrafts	14,815	276,933
Finance leases	1,491	3,772
	<u>16,306</u>	<u>280,705</u>

13. CREDITORS: Amounts falling due after more than one year

	2003	2002
	£	£
Bank loans and overdrafts	385,185	—
Amounts owed to group undertakings	28,233	28,233
Other creditors:		
Finance lease agreements	—	1,491
Other creditors	19,465	19,465
Other loans	<u>75,000</u>	<u>—</u>
	<u>94,465</u>	<u>20,956</u>
	<u>507,883</u>	<u>49,189</u>

The bank loans are secured by the company as follows:

- Standard security over the freehold property.
- A bond and floating charge from the company.
- Assignment/assignment of keyman insurance, death and disablement cover on the lives of key management

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2003	2002
	£	£
Bank loans and overdrafts	385,185	—
Finance leases	—	1,491
	<u>385,185</u>	<u>1,491</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 2003

13. CREDITORS: Amounts falling due after more than one year *(continued)*

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2003	2002
	£	£
Bank loans and overdrafts	207,407	—
Amounts owed to group undertakings	28,233	28,233
	<u>235,640</u>	<u>28,233</u>

14. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	2003	2002
	£	£
Amounts repayable:		
In one year or less or on demand	16,306	280,705
In more than one year but not more than two years	81,944	1,491
In more than two years but not more than five years	170,834	—
In more than five years	255,105	47,698
	<u>524,189</u>	<u>329,894</u>

15. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	1,491	3,772
Amounts payable between 1 and 2 years	—	1,491
	<u>1,491</u>	<u>5,263</u>

16. PENSIONS

Defined Contribution Scheme

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge in the profit and loss account of £31,999 (2002 £33,333) represents the employers contributions payable.

There were no prepaid contributions at the balance sheet date.

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 2003

17. DEFERRED TAXATION

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Profit and loss account movement arising during the year	8,600	—
Provision carried forward	<u>8,600</u>	<u>—</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	8,600	—
	<u>8,600</u>	<u>—</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	4,000	7,999	4,000	23,986
Within 2 to 5 years	—	—	—	7,999
	<u>4,000</u>	<u>7,999</u>	<u>4,000</u>	<u>31,985</u>

19. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
55,000 Ordinary shares of £0.10 each	5,500	4,900
1,000 "A" Ordinary shares of £0.10 each	100	100
	<u>5,600</u>	<u>5,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £0.10 each	12,700	1,270	49,000	4,900
"A" Ordinary shares of £0.10 each	—	—	1,000	100
	<u>12,700</u>	<u>1,270</u>	<u>50,000</u>	<u>5,000</u>

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 2003

19. SHARE CAPITAL *(continued)*

On 19th August 2003 an ordinary resolution was passed to convert existing authorised and issued share capital from 1,000 "A" Ordinary Shares of £0.10 each into 1,000 Ordinary Shares of £0.10 each.

A second ordinary resolution was also passed, increasing the authorised share capital of the company to £5,500 by the creation of an additional 5,000 Ordinary Shares of £0.10 each, to rank pari passu in all respects with the existing Ordinary Shares in the capital of the Company.

Following the increase in authorised share capital, the company allotted 5,000 Ordinary Shares of £0.10 each at par via a bonus issue for the previous "A" Ordinary Shareholders.

Purchase of Own Shares

On the 20th August 2003, the company purchased 42,300 Ordinary Shares of £0.10 each for £329,000.

At the balance sheet date, the company has a contingent agreement dated 20th August 2003 to purchase a further 4,700 of its Ordinary Shares for a consideration of £47,000. The consideration is payable in full to the vendors on completion, being 20th August 2004, in proportion to their respective holdings.

20. SHARE PREMIUM ACCOUNT

	2003 £	2002 £
Balance brought forward	545,000	545,000
Premium on shares issued in the year	(500)	—
Balance carried forward	<u>544,500</u>	<u>545,000</u>

21. REVALUATION RESERVE

	2003 £	2002 £
Revaluation of fixed assets	<u>121,540</u>	—
Balance carried forward	<u>121,540</u>	—

22. CAPITAL REDEMPTION RESERVE

	2003 £	2002 £
Purchase of own shares	<u>4,230</u>	—

ALPHA SOLWAY LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST DECEMBER 2003

23. PROFIT AND LOSS ACCOUNT

	2003 £	2002 £
Balance brought forward	461,156	305,089
Retained profit for the financial year	118,059	156,067
Purchase of own shares	(329,000)	—
Balance carried forward	<u>250,215</u>	<u>461,156</u>

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	£	2002 £	£
Profit for the financial year		118,059		87,067
Dividends		—		69,000
		<u>118,059</u>		<u>156,067</u>
Other net recognised gains and losses		121,540		—
New equity share capital subscribed	500		—	
Premium on new share capital subscribed	(500)		—	
		—		—
Purchase of own equity shares	(4,230)		—	
Premium on purchase of own equity shares	(324,770)		—	
		<u>(329,000)</u>		<u>—</u>
Net (reduction)/addition to funds		(89,401)		156,067
Opening shareholders' equity funds		<u>1,011,156</u>		<u>855,089</u>
Closing shareholders' equity funds		<u>921,755</u>		<u>1,011,156</u>