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Brymarc Limited

Report and Unaudited Financial Statements

Year Ended 31 December 2002

Tenon Limited
Accountants and Business Advisers



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BRYMARC LIMITED

Annual report and unaudited financial statements for the year ended 31 December 2002

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Directors

B Holmes (Chairman)
Mrs GA Holmes
M Holmes

Secretary and registered office

B Holmes, Unit D, Vanguard Buildings, Britannia Road, Chesterfield, Derbyshire,
S40 2TZ

Company number

2372411

Accountants and Business Advisers

Tenon Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

Bankers

National Westminster Bank plc, 5 Market Place, Chesterfield, Derbyshire, S40 1TJ

BRYMARC LIMITED

Report of the directors for the year ended 31 December 2002

The directors present their report together with the unaudited financial statements for the year ended 31 December 2002.

Results and dividends

The profit and loss account is set out on page 3 and shows the result for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is that of an investment holdings company. In the directors view the results are as anticipated for the year under review and they are confident of future prospects.

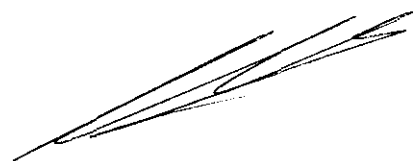
Directors

The directors of the company during the year and their interest in the ordinary share capital were:

	Ordinary £1 shares	
	31 December	
	2002	2001
	Number	Number
B Holmes	1,019,999	1,019,999
Mrs GA Holmes	1	1
M Holmes	980,000	980,000
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The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board



M Holmes
Director

14 January 2004

Accountants' report on the unaudited accounts to the directors of Brymarc Limited

As described on the balance sheet, the director of the company is responsible for the preparation of the financial statements for the year ended 31 December 2002, set out on pages 3 to 10.

You consider that the company is exempt from an audit under the Companies Act 1985.

In accordance with your instructions we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

Tenon Limited

Tenon Limited

Accountants and Business Advisers
Nottingham

14 January 2004

BRYMARC LIMITED**Profit and loss account for the year ended 31 December 2002**

	Note	2002 £	2001 £
Turnover		8,697	126,859
Cost of sales		(7,769)	(120,818)
Gross profit		928	6,041
Administrative expenses		(85,959)	(70,845)
Amounts written off investments		(204,064)	(362,062)
(Loss)/profit on disposal of investments		(11,408)	827,665
Operating (loss)/profit	3	(300,503)	400,799
Interest receivable		25,534	42,026
(Loss)/profit on ordinary activities before taxation		(274,969)	442,825
Tax on (loss)/profit on ordinary activities	5	-	(1,869)
(Loss)/profit on ordinary activities after taxation retained for the year		(274,969)	440,956
Sustained deficit brought forward		(1,136,385)	(1,577,341)
Sustained deficit carried forward		(1,411,354)	(1,136,385)

The notes on pages 6 to 10 form part of these unaudited financial statements.

BRYMARC LIMITED**Balance sheet at 31 December 2002**

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	6		21,551		19,879
Investments	7		1,131,345		954,379
			<u>1,152,896</u>		<u>974,258</u>
Current assets					
Debtors	8	181,971		146,799	
Cash at bank and in hand		62,402		34,709	
		<u>244,373</u>		<u>181,508</u>	
Creditors: amounts falling due within one year	9	(143,353)		(147,381)	
Net current assets			<u>101,020</u>		<u>34,127</u>
Total assets less current liabilities			<u>1,253,916</u>		<u>1,008,385</u>
Creditors: amounts falling due after more than one year	10		(665,270)		(144,770)
Net assets			<u>588,646</u>		<u>863,615</u>
Capital and reserves - equity					
Called up share capital	11		2,000,000		2,000,000
Profit and loss account			(1,411,354)		(1,136,385)
Shareholders' funds			<u>588,646</u>		<u>863,615</u>

The Balance sheet continues on the following page.

The notes on pages 6 to 10 form part of these unaudited financial statements.

BRYMARC LIMITED

Balance sheet at 31 December 2002 (continued)

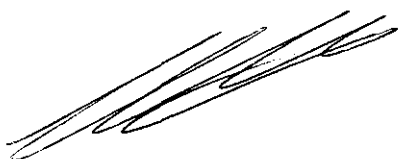
The director is satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no other member or members have requested an audit pursuant to section 249B(2) of the Act.

The director acknowledges his responsibility for:

- (a) ensuring that the company keeps proper accounting records which comply with section 221 of the Act; and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 14 January 2004.



M Holmes
Director

The notes on pages 6 to 10 form part of these unaudited financial statements.

1 Accounting policies

The financial statements have been prepared in accordance with Financial Reporting Standard for Smaller Entities (effective June 2002) and under historical cost convention.

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group

Going concern

The company is dependent on the continued support of B Holmes, see Note 13. The directors consider it appropriate that the financial statements are prepared on the going concern basis.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, over their expected useful lives. It is calculated at the following rates:

Motor vehicles	-	25% straight line
Fixtures, fittings and computer equipment	-	10% straight line

Fixed asset investments

Fixed asset investments are stated at cost, less provision for any impairment in value.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the year of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

BRYMARC LIMITED

Notes forming part of the unaudited financial statements for the year ended 31 December 2002
(continued)

2 Turnover

Turnover represents net sales to customers excluding value added tax and arises solely within the United Kingdom.

3 Operating (loss)/profit for the year

This is arrived at after charging:	2002 £	2001 £
Depreciation of owned assets	4,044	5,071
Depreciation of assets held under hire purchase contracts	2,784	2,784

4 Directors

Directors' emoluments	5,999	5,370
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5 Tax on (loss)/profit on ordinary activities

Under provision in prior year	-	1,869
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6 Tangible assets

	Motor vehicles £	Fixtures, fittings and computer equipment £	Total £
<i>Cost</i>			
At 1 January 2002	20,984	28,065	49,049
Additions	-	13,375	13,375
Disposals	(6,500)	-	(6,500)
At 31 December 2002	14,484	41,440	55,924
<i>Depreciation</i>			
At 1 January 2002	5,246	23,924	29,170
Provided for the year	3,621	3,207	6,828
Disposals	(1,625)	-	(1,625)
At 31 December 2002	7,242	27,131	34,373
<i>Net book value</i>			
At 31 December 2002	7,242	14,309	21,551
At 31 December 2001	15,738	4,141	19,879

The net book value of tangible fixed assets includes an amount of £5,566 (2001: £8,350) in respect of assets held under hire purchase contract.

BRYMARC LIMITED

Notes forming part of the unaudited financial statements for the year ended 31 December 2002
(Continued)

7 Fixed asset investments

	Listed shares £	Unlisted Companies Loans £	Subsidiary undertakings Shares £	Loans £	Total £
<i>Cost</i>					
At 1 January 2002	101,270	543,609	116,500	555,062	1,316,441
Additions	20,213	1,142,000	1	299,062	1,461,276
Disposals	(20,213)	-	-	-	(20,213)
Amounts repaid in the year	-	(1,054,731)	-	(5,302)	(1,060,033)
At 31 December 2002	101,270	630,878	116,501	848,822	1,697,471
<i>Provisions</i>					
At 1 January 2002	-	-	100,000	262,062	362,062
Written off in the year	-	-	16,501	187,563	204,064
At 31 December 2002	-	-	116,501	449,625	566,126
<i>Net book value</i>					
At 31 December 2002	101,270	630,878	-	399,197	1,131,345
At 31 December 2001	101,270	543,609	16,500	293,000	954,379

The company owns 100% of the issued share capital of the following companies which are registered in England and Wales:

	Capital and reserves £	Loss for the period £	Activity
Panther Tools and Products Limited	(122,149)	(43,176)	Tool distributor
Kairfree Limited	(55,361)	(55,362)	Composite tyres

The market value of the listed shares at 31 December 2002 was £1,071,430.

8 Debtors

	2002 £	2001 £
Trade debtors	146,092	137,394
Amounts owed by subsidiary companies	34,703	-
Prepayments and accrued income	962	962
Other debtors	214	8,443
	181,971	146,799

All amounts shown under debtors fall due for payment within one year.

BRYMARC LIMITED

Notes forming part of the unaudited financial statements for the year ended 31 December 2002
(Continued)

9 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	2,899	139,846
Amounts owed to subsidiary companies	123,988	120,373
Other creditors	69	868
Accruals	14,023	1,110
Obligations under hire purchase contracts (secured)	2,374	5,557
	<u>143,353</u>	<u>147,381</u>

10 Creditors: amounts falling due after more than one year

Directors' loans	665,270	142,953
Obligations under hire purchase contracts (secured)	-	1,817
	<u>665,270</u>	<u>144,770</u>

11 Share capital

	Authorised		Allotted, called up and fully paid	
	2002 £	2001 £	2002 £	2001 £
Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

BRYMARC LIMITED

**Notes forming part of the unaudited financial statements for the year ended 31 December 2002
(Continued)**

12 Controlling party

The company was controlled throughout this and the previous accounting period by B Holmes, by virtue of his shareholding.

13 Related party transactions

Subsidiary undertakings

During the year the company traded with Panther Tools and Products Limited, a subsidiary company. Sales amounting to £17,115 (2001: £3,100) and purchases amounting to £Nil (2001: £93,209) were made, at the period end the company owed £104,655 (2001: £120,373) and was owed £19,343 (2001: £Nil). The company also loaned £237,894 to Panther Tools and Products Limited of which £5,302 was repaid and £132,201 was written off, taking the loan to £393,390 (2001: £293,000). The loan bears no interest and, has no fixed repayment date and will not be repaid within one year.

The company also traded with Kairfree Limited since its incorporation, a subsidiary company. Expenditure was recharged of £24,485 of which £15,360 remained in debtors at 31 December 2002. The company also loaned £61,168 to Kairfree Limited in the period of which £55,362 was written off, the balance of £5,806 (2001: £Nil) was included in fixed asset investments. The loan bears no interest and has no fixed repayment date and will not be repaid within one year.

Unlisted companies

During the year the company traded with Brymarc France SA, a company incorporated in France and owned by M Holmes. Sales amounting to £5,772 (2001: £127,709) were made, and at the year end the company was owed £146,092 (2001: £137,394) by Brymarc France SA which are included in trade debtors. The company loaned £45,000 to Brymarc France SA increasing the loan to £277,878 (2001: £232,878).

During the year the company loaned £1,097,000 to Direct Healthcare UK Limited a company owed by B Holmes of which £1,047,000 was repaid, increasing the loan to £353,000 (2001: £303,000). During the year interest of £25,068 (2001: £19,444) was received by Brymarc Limited in respect of this loan.

Directors

The amount due to the directors at the year end are as follows, B Holmes £665,270 (2001: £142,953). The loan is interest free and not repayable within one year.