

Clifford Thames Group Limited and Subsidiaries 27/65273

Report and Financial Statements

Year Ended 31 March 2001



**Deloitte & Touche
Chartered Accountants
and Registered Auditors**

Clifford Thames Group Limited and Subsidiaries
ANNUAL REPORT
31 March 2001

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Clifford Thames Group Limited and Subsidiaries
DIRECTORS AND ADVISERS
31 March 2001

Company Registration Number

2 7 6 6 2 7 3

Directors

G F Billage
H Reinhardt
N L Grant Resigned 28 June 2001
R A Barber
R G Raffell B.A., F.C.M.A.
Dr. E Hough

Secretary

R.G. Raffell B.A., F.C.M.A.

Registered Office

Springfield Lyons House
Chelmsford Business Park
Chelmsford Essex CM2 5TH

Auditors

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

Bankers

National Westminster Bank PLC
Chelmsford Essex CM1 1BL

CHAIRMAN'S STATEMENT 31st March 2001

Several events of major strategic importance took place during the year. Firstly, we commenced the process of divesting of our printing businesses by selling them to their management team. Starting with the UK which completed on 28th June 2001 we expect to conclude the German sale shortly. Secondly, we took freehold occupation of our new International Headquarters comprising 23,000 square feet (gross) of very high quality offices in a parkland environment on Chelmsford Business Park. Thirdly, we acquired the business and assets of a small specialist menu pricing business based in Corby serving Vauxhall Cars and Leyland Daf Trucks.

The financial benefit of these actions will not take effect until the year to March 2002. For the year under review the activities of the Information Management Services companies produced operating profits approaching £1 million but with losses and restructuring costs associated with the discontinued businesses the overall Group result was a loss of £422,000 before tax. All the continuing businesses operated profitably with the exception of the US subsidiary which reduced its loss to £83,000 and is now producing regular monthly profits. Our reserves benefited from a gain of £352,000 upon revaluation of the Chelmsford property.

During the year our cashflow benefited from the sale of the freehold premises in Brentwood but ended some £400K negative as the investment in new premises and restructuring costs took place. We are grateful to the support we have received and confidence shown from our Bankers and other lenders to the Clifford Thames Group.

The strength of our technical expertise has been manifested in the last year by the development of an Internet repair booking service on behalf of Ford Motor Company. Interacting with vehicle data gathered over many years, this service is, to the best of our knowledge, the first of it's kind in the world and is currently live in two European markets. To support the leading edge programming skills required, we have established an office in Central London to attract and retain the best talent available.

The quality of the people we employ is paramount to our future success so we recognise the importance of balancing competitive remuneration packages with Long Term Incentive Plans, investment in personal training skills and maintaining an excellent working environment. The team we are building and planning to add to, will ensure our continued success.

We see an enhanced profile of Clifford Thames emerging within the sector in which we operate and expect to develop working partnerships with other players and make strategic acquisitions to fulfil our ambitious growth plans.

Dr E A Hough
Chairman

Clifford Thames Group Limited and Subsidiaries
DIRECTORS' REPORT
31 March 2001

The directors submit their report and financial statements for the year ended 31 March 2001.

1 RESULTS AND DIVIDENDS

	<u>2001</u>	<u>2000</u>
	<u>£000</u>	<u>£000</u>
The loss for the financial year after taxation was	(553)	(138)
Dividends:-		
The dividend on the 'C' Preference shares for the year amounted to	(9)	(11)
The dividend on the 'D' Preference shares for the year amounted to	-	(3)
The dividend on the 'E' Ordinary shares for the year amounted to	(23)	(23)
Balance of loss carried forward	<u>(585)</u>	<u>175</u>

2 ACTIVITIES

The principal activities of the Group, of which the Company acts as holding company, comprised the provision of information management and technical services and printing.
The Group has activities in Denmark operated through a division of Clifford Thames Limited registered as a branch office under the name of Filial af Clifford Thames Limited.

3 REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

A review of the business and future developments can be found in the Chairman's Statement on page 2.

4 DIRECTORS

The directors throughout the year were as follows. The directors' interests in the shares of the Company are as stated in note 21 to the accounts.

G.F. Billage
H Reinhardt
Dr. E. Hough

R.A. Barber
R.G. Raffell B.A., F.C.M.A.
N.L. Grant resigned 28 June 2001

5 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 the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 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.

6 CHARITABLE DONATIONS

During the year, the Group made various charitable donations totalling £350 (2000 : £500).

7 AUDITORS

Deloitte & Touche have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Dated 29 August 2001

By order of the board



R.G. Raffell B.A., F.C.M.A.
Secretary

Clifford Thames Group Limited and Subsidiaries
AUDITORS' REPORT TO THE MEMBERS
31 March 2001

We have audited the financial statements on pages 6 to 27 which have been prepared under the accounting policies set out on pages 11 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the Company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF 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 assurances 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 at 31 March 2001 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Dated 31 August 2001

Deloitte & Touche
Chartered Accountants
and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

Clifford Thames Group Limited and Subsidiaries
CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year Ended 31 March 2001

	Note	2001 £000	2000 £000
TURNOVER			
Continuing operations	1.2	14,591	11,809
Discontinued operations	1.2	<u>4,799</u>	<u>5,003</u>
Cost of sales		19,390 <u>(14,604)</u>	16,812 <u>(12,236)</u>
GROSS PROFIT		4,786	4,576
Distribution costs	2	385	376
Administrative expenses	2	<u>4,547</u>	<u>3,990</u>
		<u>(4,932)</u>	<u>(4,366)</u>
OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL ITEM			
Continuing operations		995	503
Discontinued operations		<u>(1,082)</u>	<u>(293)</u>
		<u>(146)</u>	210
Profit/(Loss) on sale of fixed assets	7	<u>59</u> <u>(87)</u>	<u>(74)</u> 136
Other interest receivable and other income	4	17	11
Interest payable and similar charges	5	<u>(352)</u>	<u>(217)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	7	<u>(422)</u>	<u>(70)</u>
Tax on loss on ordinary activities	8	<u>(131)</u>	<u>(68)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(553)</u>	<u>(138)</u>
Dividends	9	<u>(32)</u>	<u>(37)</u>
RETAINED LOSS FOR THE FINANCIAL YEAR		<u>(585)</u>	<u>(175)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2001

	2001 £000	2000 £000
LOSS FOR THE FINANCIAL YEAR	<u>(553)</u>	138
Currency translation differences on foreign currency net investments	<u>(6)</u>	<u>(36)</u>
Gain on revaluation of freehold property	352	-
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR	<u>(207)</u>	<u>(174)</u>

Clifford Thames Group Limited and Subsidiaries
CONSOLIDATED BALANCE SHEET
As at 31 March 2001

		<u>2001</u>		<u>2000</u>	
	Note	£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	10		60		-
Tangible assets	10		7,173		5,666
Investments	11		9		9
CURRENT ASSETS					
Stocks	12	774		636	
Debtors	13	4,807		3,505	
Cash at bank and in hand		148		139	
		<u>5,729</u>		<u>4,280</u>	
CREDITORS – Amounts falling due within one year	14	(5,539)		(4,159)	
NET CURRENT ASSETS			<u>190</u>		<u>121</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,432</u>		<u>5,796</u>
CREDITORS – Amounts falling due after more than one year	14		(4,744)		(2,812)
			<u>2,688</u>		<u>2,984</u>
CAPITAL AND RESERVES					
Called up share capital	15		813		870
Share premium account	16		247		247
Capital redemption reserve	16		999		942
Capital reserve	16		1,210		1,210
Revaluation reserve	17		352		-
Profit and loss account	16		(933)		(285)
SHAREHOLDERS' FUNDS			<u>2,688</u>		<u>2,984</u>
Represented by:					
Equity shareholders' funds			1,886		2,122
Non-equity shareholders' funds			802		862
			<u>2,688</u>		<u>2,984</u>

These financial statements were approved by the Board on 29 August 2001

and signed on its behalf by:



G.F. Billage Director



R.G. Raffell Director


The notes on pages 11 to 27 form part of these financial statements

Clifford Thames Group Limited
BALANCE SHEET
As at 31 March 2001

		<u>2001</u>		<u>2000</u>	
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Investments	11		5,354		5,354
CURRENT ASSETS					
Debtors	13	5,648		5,001	
Cash at bank and in hand		-		-	
		<u>5,648</u>		<u>5,001</u>	
CREDITORS – Amounts falling due within one year	14	(6,758)		(6,598)	
NET CURRENT LIABILITIES			<u>(1,110)</u>		<u>(1,597)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,244</u>		<u>3,757</u>
			<u>4,244</u>		<u>3,757</u>
CAPITAL AND RESERVES					
Called up share capital	15		813		870
Share premium account	16		247		247
Capital redemption reserve	16		999		942
Profit and loss account	16		2,185		1,698
SHAREHOLDERS' FUNDS			<u>4,244</u>		<u>3,757</u>
Represented by:					
Equity shareholders' funds			3,442		2,895
Non-equity shareholders' funds			802		862
			<u>4,244</u>		<u>3,757</u>

These financial statements were approved by the Board on 29 August 2001 and signed on its behalf by:


G.F. Billage Director


R.G. Raffell Director

The notes on pages 11 to 27 form part of these financial statements.

Clifford Thames Group Limited and Subsidiaries
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2001

		<u>2001</u>	<u>2000</u>
	Note	£000	£000
CASH INFLOW FROM OPERATING ACTIVITIES	1	431	1,014
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	17		11
Interest paid	(306)		(188)
Interest element of finance lease			
rental payments	(46)		(29)
Preference dividends paid	(10)		(23)
		(345)	(229)
TAXATION			
Tax paid		(191)	(223)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of intangible fixed assets	(75)		-
Purchase of tangible fixed assets	(3,210)		(2,953)
Receipts from sales of fixed assets	1485		560
Receipts from sales of listed investments	-		1
		(1,800)	(2,392)
EQUITY DIVIDENDS PAID			
Dividends paid		(22)	(22)
CASH OUTFLOW BEFORE FINANCING		(1,927)	(1,852)
FINANCING			
Redemption of share capital	(57)		(151)
Medium term bank loan	2,552		2,098
Repayment of loans	(782)		(532)
Capital element of finance			
lease rental payments	(174)		(147)
		1,539	(1,268)
DECREASE IN CASH IN THE YEAR		(388)	(584)

Clifford Thames Group Limited and Subsidiaries
NOTES TO CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2001

	<u>2001</u>		<u>2000</u>
Note	£000	£000	£000
1. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS			
Operating (loss)/profit	(146)		210
Exchange adjustments	(15)		24
Depreciation and amortisation	1,044		726
(Profit)/Loss on disposal of fixed assets	-		3
Increase in stocks	(138)		(165)
Increase in debtors	(1,302)		(24)
Increase in creditors	988		240
Net cash inflow from operating activities	<u>431</u>		<u>1,014</u>

2. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

	£000	£000	£000
Decrease in cash in the period	(388)		(584)
Cash inflow from increase in debt	<u>(1,596)</u>		<u>(1,419)</u>
Change in net debt resulting from cash flows		(1,984)	(2,003)
New finance leases		<u>(321)</u>	<u>(275)</u>
		(2,305)	2,278
Net debt at beginning of the period		<u>(3,870)</u>	<u>(1,592)</u>
Net debt at end of the period		<u>(6,175)</u>	<u>(3,870)</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2000	Cash flows	Other changes	At 31 March 2001
	£000	£000	£000	£000
Cash in hand and at bank	139	9	-	148
Overdrafts	<u>(1,070)</u>	<u>(397)</u>	-	<u>(1,467)</u>
	(931)	(388)	-	(1,319)
Debts due within one year	(444)	(1,770)	1,821	(393)
Debts due after one year	(2,080)	-	(1,821)	(3,901)
Finance lease obligations	<u>(415)</u>	<u>174</u>	<u>(321)</u>	<u>(562)</u>
	(2,939)	(1,596)	(321)	(4,856)
Net debt	<u>(3870)</u>	<u>(1,984)</u>	<u>(321)</u>	<u>(6,175)</u>

Clifford Thames Group Limited and Subsidiaries
ACCOUNTING POLICIES
Year ended 31 March 2001

The following accounting policies have been used consistently in dealing with items which are considered material to the Company's and the Group's affairs.

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Freehold buildings are stated at valuation, all other assets at historical cost.

Depreciation has been computed to write off, on a straight line basis, the cost of each asset less its estimated residual value over a period equal to its expected useful life as follows:

Freehold buildings	25 years
Short leaseholds	over the term of the leases
Plant and machinery	5 to 20 years
Fixtures and fittings	5 to 20 years
Motor vehicles	4 years
Electronic equipment	4 to 5 years

Land is not depreciated.

RESEARCH AND DEVELOPMENT

Expenditure on pure and applied research is written off to the profit and loss account as incurred. Development costs on defined projects, which have been assessed for their technical feasibility and commercial viability, are capitalised and amortised in relation to the revenue flows originating from the use of the product.

CONSOLIDATION

The Consolidated Financial Statements incorporate the Financial Statements of Clifford Thames Group Limited and all the subsidiary undertakings as stated in Note 20.

The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date on which control passes. Goodwill arising on consolidation represents the excess or shortfall of the fair value of the consideration given compared to the fair value of the identifiable net assets acquired.

Goodwill arising on the acquisition of subsidiaries, prior to the introduction of Financial Reporting Standard 10 - Goodwill and Intangible Assets, was written off immediately against reserves. This remains eliminated in that reserve and will be charged or credited in the Profit and Loss account as appropriate on the subsequent disposal. Intra-group sales and profits are eliminated on consolidation.

Clifford Thames Group Limited and Subsidiaries
ACCOUNTING POLICIES
Year ended 31 March 2001

STOCKS

Stocks are stated at the lower of cost and net realisable value as follows:

Raw materials	purchase cost on a first-in first-out basis
Work in progress and finished goods	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.

FOREIGN CURRENCIES

Assets, liabilities and the operating results of the foreign entities are translated into sterling on the following basis:

- (i) assets and liabilities at the rates ruling on the Balance Sheet date;
- (ii) operating results at the average rates during the year;
and
- (iii) differences on translation of the opening net assets of overseas entities at the rates ruling at the Balance Sheet date are taken as a movement through the Profit and Loss account.

LEASES AND HIRE PURCHASE CONTRACTS

Assets held under finance leases and hire purchase contracts are capitalised at their fair value as tangible fixed assets and the obligation to pay future rentals under such leases and contracts is included in creditors. Payments in respect of the finance charge element of the leases and contracts are charged to Profit and Loss account so as to fairly to apportion the charge over the duration of the leases and contracts.

Rentals payable under operating leases are charged in the Profit and Loss account in the financial year in which they are incurred.

DEFERRED TAXATION

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

TURNOVER

Turnover represents goods supplied and services rendered exclusive of value added tax. The turnover and pre-tax results are attributable to the principal activities.

GOODWILL AND INTANGIBLE ASSETS

Purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years with a full year's charge for amortisation in the year of acquisition. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

PENSIONS

UNITED KINGDOM COMPANIES

The Group operates two contributory pension schemes, one being a defined benefit scheme and one a defined contribution scheme, with both employees' and employers' contributions being determined by the Trust Deeds governing the schemes.

The defined benefit scheme is valued by a qualified actuary every three years. The last actuarial valuation was made as at 1 November 1999. As a result of this valuation, the actuary recommended that the existing minimum contribution rate of 31% of pensionable salaries be maintained. The scheme is very small in relation to the Group and any surpluses or deficits identified by the actuarial valuation are not material and not accrued for in the financial statements. Contributions are charged to the Profit and Loss account in the period in which the liability arises.

GERMAN COMPANIES

The companies have taken over pension commitments towards certain past and present employees of the former Merkur GmbH at the time of the acquisition of this company in 1986. The amount of the pension reserves at 31 March 2001 of £523,000 (2000 - £490,000) is determined on the basis of an actuarial computation.

In accordance with German tax law, the reserve is computed by spreading the charge evenly over employees' working lives from the date the obligation is entered into up to the time when the benefits become due, using an interest factor of 6.0% per annum. A part of the pension reserves is funded.

There is also a non-contributory pension scheme in operation. Contributions are charged to the Profit and Loss Account in the period in which the liability arises.

PROFIT AND LOSS ACCOUNT

Pursuant to section 230 of the Companies Act 1985, a separate Profit and Loss Account for the Company is not presented. Of the consolidated loss for the year £611,000 profit (2000 - £594,000) relates to the Company.

INVESTMENTS

Fixed asset investments are held at cost less provision for any impairment.

A review for impairment is carried out if events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. Any loss that arises as a result of such an impairment is recognised in the profit and loss account for the financial year in which it is incurred.

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

1. TURNOVER	2001	2000
	£000	£000
Analysis by geographical location:		
United Kingdom	9,331	8,980
Europe	6,356	5,928
Asia	2,393	1,800
North America	<u>1,310</u>	<u>104</u>
	19,390	16,812
Analysis by class of business:		
Information management	11,337	8,347
Printing	<u>8,053</u>	<u>8,465</u>
	19,390	16,812

2. ANALYSIS OF CONTINUING AND DISCONTINUED OPERATIONS						
	2001			2000		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£000	£000	£000	£000	£000	£000
Turnover	14,591	4,799	19,390	11,809	5,003	16,812
Cost of sales	<u>10,480</u>	<u>4,124</u>	<u>14,604</u>	<u>8,471</u>	<u>3,765</u>	<u>12,236</u>
Gross Profit	<u>4,111</u>	<u>675</u>	<u>4,786</u>	<u>3,338</u>	<u>1,238</u>	<u>4,576</u>
Net operating expenses						
Distribution costs	145	240	385	183	193	376
Administrative expenses	<u>3,030</u>	<u>1,517</u>	<u>4,547</u>	2,651	1,339	3,990
	<u>3,175</u>	<u>1,757</u>	<u>4,932</u>	<u>2,834</u>	<u>1,532</u>	<u>4,366</u>
Operating profit/(loss)	936	(1,082)	(146)	504	(294)	210

The sale of Clifford Thames Printing Company Limited represents the disposal of the material business segment. Clifford Thames Group Limited no longer operates within the printing market.

3. EMPLOYEE COSTS AND NUMBERS (INCLUDING DIRECTORS)	2001	2000
	£000	£000
Wages and salaries	8,286	7,993
Social security costs	879	873
Other pension costs	<u>253</u>	<u>259</u>
	9,418	9,125
Average number employed in the year:	Number	Number
Administration	59	66
Production	271	241
Sales and distribution	<u>18</u>	<u>25</u>
	348	332
Directors' emoluments:	2001	2000
	£000	£000
Salaries	422	417
Pension contributions	41	40
Benefits in kind	<u>50</u>	<u>41</u>
	513	498
The emoluments of directors disclosed above include the following amounts paid to the highest paid director:		
Emoluments	148	136
Contributions to money purchase pension schemes	<u>27</u>	<u>27</u>

	Number	Number
During the year the following number of directors accrued benefit under money purchase pension schemes	<u>4</u>	<u>4</u>

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

	<u>2001</u>	<u>2000</u>
	<u>£000</u>	<u>£000</u>
4. INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest received	<u>17</u>	<u>11</u>
	<u>£000</u>	<u>£000</u>
5. INTEREST PAYABLE AND SIMILAR CHARGES		
Interest payable on bank and other borrowings	306	188
Amounts relating to finance leases and hire purchase contracts with similar characteristics	46	29
	<u>352</u>	<u>217</u>

6. PENSION COSTS

The assets of the Company defined contribution pension scheme are held separately from those of the Group. The scheme is administered by Towry Law Ltd.

Contributions made by the Group to the scheme during the year amounted to £95,000 (2000: £102,000). No contributions were outstanding at the end of the year (2000: £Nil).

The assets of the Company defined benefit pension scheme are held separately from those of the Group. The scheme is administered by Friends Provident Corporate Pensions Ltd.

Contributions made by the Group to the scheme during the year amounted to £102,000 (2000: £96,000). No contributions were outstanding at the end of the year (2000: £Nil).

Pension contributions made by the overseas group companies during the year amounted to £56,000 (2000: £61,000).

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

	<u>2001</u>	<u>2000</u>
7 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
	£000	£000
The loss on ordinary activities before taxation is after charging/(crediting):		
Audit fees	53	51
Other fees paid to auditors	112	18
Depreciation written off tangible fixed assets owned	930	616
Amounts written off intangible fixed assets	15	-
Exceptional (profit)/ loss on sale of fixed assets	(59)	74
Loss on sale of fixed assets	-	3
Hire of plant and machinery	144	225
Depreciation written off tangible fixed assets held under finance leases	97	110
Profit on foreign exchange	<u>(164)</u>	<u>(55)</u>
The exceptional loss on sale of fixed assets in the preceding year arises in respect of a printing press.		
8 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES		
	£000	£000
Taxation based on the loss for the year:		
UK Corporation tax at 30% (2000 : 30%)	-	120
Overseas entities	84	(54)
Overseas prior year tax adjustment	46	-
	<u>130</u>	<u>66</u>
Adjustment in respect of previous year	1	2
	<u>131</u>	<u>68</u>
9 DIVIDENDS		
	£000	£000
'C' Preference shares 229,130 (2000: 286,330) shares at 4% paid	9	11
'D' Preference shares No shares remaining (2000 : 93,750) shares at 9% paid	-	3
'E' Ordinary shares Interim £6.75 per share (2000: £6.75) paid	23	23
Final Nil per share (2000: £nil) proposed	-	-
	<u>32</u>	<u>37</u>

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

10. **TANGIBLE FIXED ASSETS GROUP**

	1 April 2000	Exchange adjustment	Revaluation	Additions/ reclassification	Disposals	31 March 2001
COST AND VALUATION	£000	£000	£000	£000	£000	£000
Land and buildings						
Asset under construction	201	-	-	(201)		
Freehold – revalued	1,733	-	352	3,068	1,733	3,420
Short leasehold – cost	<u>213</u>	<u>2</u>	<u>-</u>	<u>44</u>	<u>-</u>	<u>259</u>
	2,147	2	352	2,911	1,733	3,679
Plant and machinery	5,889	81	-	185	1,242	4,913
Fixtures and fittings	536	8	-	148	170	522
Motor vehicles	207	-	-	-	7	200
Electronic equipment	<u>1,083</u>	<u>2</u>	<u>-</u>	<u>287</u>	<u>641</u>	<u>731</u>
	<u>9,862</u>	<u>93</u>	<u>352</u>	<u>3,531</u>	<u>3,793</u>	<u>10,045</u>

	1 April 2000	Exchange adjustment	Charge for year	Eliminated on disposals	31 March 2001
Accumulated depreciation	£000	£000	£000	£000	£000
Land and buildings					
Freehold	910	-	20	910	20
Short leasehold	<u>15</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>48</u>
	925	-	53	910	68
Plant and machinery	2,091	32	704	681	2,146
Fixtures and fittings	343	5	49	166	231
Motor vehicles	96	2	39	6	131
Electronic equipment	<u>741</u>	<u>-</u>	<u>183</u>	<u>628</u>	<u>296</u>
	<u>4,196</u>	<u>39</u>	<u>1,028</u>	<u>2,391</u>	<u>2,872</u>

	31 March 2000	31 March 2001
Net book amounts	£000	£000
Land and buildings		
Assets under construction	201	-
Freehold	823	3,400
Short leasehold	<u>198</u>	<u>211</u>
	1,222	3,611
Plant and machinery	3,798	2,767
Fixtures and fittings	193	291
Motor vehicles	111	69
Electronic equipment	<u>342</u>	<u>435</u>
	<u>5,666</u>	<u>7,173</u>

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

NOTES ON TANGIBLE FIXED ASSETS

Details relating to assets held under finance leases or hire purchase agreements included above are as follows:

	<u>2001</u>	<u>2000</u>
	<u>£000</u>	<u>£000</u>
<u>Net book amounts</u>		
Plant and equipment	210	97
Electronic equipment	77	19
Motor vehicles	46	80
Fixtures and fittings	145	60
	<u>478</u>	<u>256</u>
<u>Depreciation charge for the year</u>		
Plant and equipment	41	70
Electronic equipment	17	6
Motor vehicles	29	25
Fixtures and fittings	10	9
	<u>97</u>	<u>110</u>

Freehold land and buildings are held at a valuation. All such assets were given a full valuation as at 31 March 2001 on the basis of existing use value, by Strutt & Parker, Chartered Surveyors.

The net book value of freehold land and buildings determined at historical cost is £3,048,000. Leasehold land and buildings are held at depreciated historic cost.

**INTANGIBLE - GOODWILL
GROUP**

	1 April 2000	Additions	31 March 2001
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Cost	<u>-</u>	<u>75</u>	<u>75</u>
Accumulated Amortisation	<u>-</u>	<u>15</u>	<u>15</u>
	31 March 2000		31 March 2001
	<u>£000</u>		<u>£000</u>
Net Book Value	<u>-</u>		<u>60</u>

This represents purchased goodwill in respect of trade and assets of a company acquired in the year by Clifford Thames Limited. The company operates in the Menu Pricing market. The period of amortisation is 5 years as this represents the estimated useful economic life of the goodwill.

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

11 **FIXED ASSETS INVESTMENTS GROUP**

	1 April 2000	Additions	Disposals	31 March 2001
	£000	£000	£000	£000
Listed investments at cost	3	-	-	3
Own shares	6	-	-	6
	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>

COMPANY

	1 April 2000	Additions	Disposals	31 March 2001
	£000	£000	£000	£000
Listed investments at cost	3	-	-	3
Unlisted investments at cost	5,345	-	-	5,345
Own shares	6	-	-	6
	<u>5,354</u>	<u>-</u>	<u>-</u>	<u>5,354</u>

The own shares are held by Clifford Thames Share Scheme Limited which constitutes an Employee Share Ownership Trust (ESOT) to enable shares to be owned by existing and future employees who are not currently shareholders. The Trust currently holds 1,010 "A" ordinary shares and at present there are no arrangements in place for these to be distributed by way of gift, option or purchase. All administrative costs are charged to profit and loss as incurred.

The listed investments are listed on a recognised stock exchange.

The unlisted investments represent shares in subsidiary undertakings details of which are given in Note 20 to the accounts.

	2001	2000
	£000	£000
12 STOCKS GROUP		
Raw materials and consumables	111	120
Work in progress	661	513
Finished goods and goods for resale	2	3
	<u>774</u>	<u>636</u>

There is no stock or work in progress held by the parent company in the current or previous year.

13 **DEBTORS GROUP**

	£000	£000
Trade debtors	4,545	2,976
Other debtors	154	430
Prepayments and accrued income	108	99
	<u>4,807</u>	<u>3,505</u>

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

	<u>2001</u>	<u>2000</u>
	<u>£000</u>	<u>£000</u>
COMPANY		
Due within one year:		
Dividends receivable	586	649
Amounts owed by subsidiary undertakings	5,062	4,352
	<u>5,648</u>	<u>5,001</u>
 14 CREDITORS		
GROUP	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:		
Bank loan	393	444
Bank overdraft	1,467	1,070
Obligations under finance leases	248	173
Trade creditors	1,704	1,237
UK Corporation Tax	-	105
Overseas Tax	84	39
Other taxation and social security	220	242
Other creditors	115	300
Accruals and deferred income	1,308	549
	<u>5,539</u>	<u>4,159</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due after more than one year:		
Bank loans	3,901	2,080
Obligations under finance leases	314	242
Pension reserve (Note 22)	529	490
	<u>4,744</u>	<u>2,812</u>

The bank borrowings are secured by fixed and floating charges over the Group's properties and other assets.

The obligations under finance leases are all payable within five years ; these obligations are secured by related assets.

Finance leases

The net lease obligation to which the company is committed are:

	<u>£000</u>	<u>£000</u>
Between one and two years	138	92
Between two and five years	176	150
	<u>314</u>	<u>242</u>

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

	<u>2001</u>	<u>2000</u>
	£000	£000
CREDITORS		
GROUP (continued)		
Medium and long term loans:		
The balances outstanding are as follows:		
Amount falling due between one and two years	996	1,114
Amount falling due between two and five years	894	656
Amount falling due greater than five years	2,011	310
	<u>3,901</u>	<u>2,080</u>

Bank loans are repayable over 20 years with interest payable at a variable rate between 4.75% p.a. and 7.5% p.a. for the period to 29 June 2004 and thereafter at 1.250% above the bank's base lending rate.

CREDITORS		
COMPANY		
	£000	£000
Amounts falling due within one year:		
Bank overdraft	1,308	845
Amounts owed to subsidiary undertakings	5,450	5,744
Other creditors	-	3
Accruals and deferred income	-	6
	<u>6,758</u>	<u>6,598</u>

The bank overdraft is secured by a cross guarantee and debenture between the Company and its subsidiary undertakings dated 21 April 1994.

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

15 **CALLED UP SHARE CAPITAL**

	Authorised		Allotted and fully paid	
	31 March 2001	1 April 2000	31 March 2001	1 April 2000
	£000	£000	£000	£000
Equity interests				
A Ordinary shares of £1 each	8	8	8	8
B Ordinary shares of £1 each	2	2	-	-
Non-equity interests				
C Preference shares of £1 each	1,049	1,049	802	859
E Ordinary shares of £1 each	3	3	3	3
	<u>1,062</u>	<u>1,062</u>	<u>813</u>	<u>870</u>

The C Preference Shares bear a cumulative preference dividend of up to £0.09 per share per annum payable to holders who do not also hold A Ordinary Shares.

The E Ordinary Shares bear a fixed cumulative preference dividend of £6.75 per share per annum.

The class C Preference Shares and E Ordinary Shares are non-equity shares since there is no right to any surplus remaining after all liabilities have been satisfied in the event that the Company is wound up. The E Ordinary Shares are also entitled to receive a further dividend if the profits of the Group exceed a certain level. In all other respects, the E Ordinary Shares rank pari passu with the class A and B Ordinary Shares.

During the year the Company repurchased the following shares:

	Number	Nominal Value
		£000
C Preference Shares	57,200	<u>57</u>

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

16 **RESERVES – GROUP**

	Share premium account	Capital reserve	Capital redemption reserve	Profit and loss account	Revaluation reserve
	£000	£000	£000	£000	£000
At 1 April 2000	247	1,210	942	(285)	-
Retained loss for the year	-	-	-	(585)	-
Exchange adjustments	-	-	-	(6)	-
Shares redeemed during year	-	-	57	(57)	-
Revaluation of freehold property	-	-	-	-	352
At 31 March 2001	<u>247</u>	<u>1,210</u>	<u>999</u>	<u>(933)</u>	<u>352</u>

16 **RESERVES – COMPANY**

	Share premium account	Capital redemption reserve	Profit and loss account
	£000	£000	£000
At 1 April 2000	247	942	1,698
Retained profit for the year	-	-	544
Shares redeemed during year	-	57	(57)
At 31 March 2001	<u>247</u>	<u>999</u>	<u>2,185</u>

17 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2001</u>	<u>2000</u>
	£000	£000
Loss for the financial year	(553)	(138)
Share capital redeemed	(57)	(151)
Exchange adjustments	(6)	(36)
Revaluation of freehold property	352	-
	<u>(264)</u>	<u>(325)</u>
Dividends	(32)	(37)
	<u>(296)</u>	<u>(362)</u>
Opening shareholders' funds	2,984	3,346
Closing shareholders' funds	<u>2,688</u>	<u>2,984</u>

18. **CAPITAL COMMITMENTS – GROUP**

	£000	£000
Authorised by the directors and contracted for	<u>50</u>	<u>2,359</u>

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

19 **OPERATING LEASE COMMITMENTS**

At 31 March 2001, the Group had annual commitments under non-cancellable operating leases as follows:-

	<u>2001</u>	<u>2000</u>
	£000	£000
Ending within one year:		
Land and buildings	-	80
Other	89	84
Ending within two to five years:		
Other	98	105
Ending after more than five years:		
Land and buildings	-	-
	<u>187</u>	<u>269</u>

At 31 March 2001, the Company did not have any commitments under non-cancellable operating leases.
(2000 : Nil)

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

20 **THE GROUP'S SUBSIDIARIES**

The Company's subsidiaries are shown below, and have been wholly owned throughout the period, save as indicated:

Incorporated in Great Britain

Clifford-Thames (Holdings) Limited
Clifford Thames Limited
Clifford Thames Printing Co Limited
Earlybrave Publications Limited
Wass Pritchard Packaging Limited
Repairbynet.com Limited

Nature of business

Investment and management
Information management
Printing
Specialised publications
Dormant
Dormant

Incorporated in Germany

Clifford Thames GmbH
Moeker Merkur Druck GmbH
Clifford Thames Services GmbH

Investment
Printing
Information management

Incorporated in Australia

Clifford Thames (Asia Pacific) Pty Ltd.

Information management

Incorporated in the United States of America

Clifford Thames Inc.

Information management

The Group has 100% of the issued ordinary share capital of each subsidiary undertaking.

The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of shares held.

At 28 June 2001 Clifford Thames Printing Company Limited ceased to be a subsidiary undertaking.

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

21 DIRECTORS' INTERESTS

The directors have interests in the shares of the Group company as follows:

	Number of shares at 31 March 2001	Number of shares at 1 April 2000
G.F. Billage		
Clifford Thames Group Limited		
A Ordinary Shares	2,850	2,850
C Preference Shares	182,478	182,478
H. Reinhardt		
Clifford Thames Group Limited		
A Ordinary Shares	1,350	1,350
C Preference Shares	196,610	196,610
N.L. Grant		
Clifford Thames Group Limited		
A Ordinary Shares	1,350	1,350
C Preference Shares	176,978	176,978
R.A. Barber		
Clifford Thames Group Limited		
A Ordinary Shares	1,350	1,350
C Preference Shares	16,650	16,650
R.G. Raffell		
Clifford Thames Group Limited		
A Ordinary Shares	379	127
E.A. Hough		
Clifford Thames Group Limited		
A Ordinary Shares	<u>379</u>	<u>—</u>

The directors have no interests in any other group companies.

At 28 June 2001 the shareholdings of N L Grant were acquired by Clifford Thames Group Ltd.

Clifford Thames Group Limited and Subsidiaries
NOTES TO THE ACCOUNTS
Year ended 31 March 2001

22 LONG TERM LIABILITY

It was the policy of the former owners of Merkur GmbH not to provide for accruing pension liabilities in respect of certain past and present employees.

Following the acquisition of this company a provision was created to cover this liability. The provision represents the maximum liability as calculated by the actuaries. This calculation is made annually and the provision is adjusted in accordance with the actuarial calculation.

The directors estimate that the liability will almost certainly not materialise within the next five years according to information furnished by Actuaries.

	<u>2001</u>	<u>2000</u>
	<u>£000</u>	<u>£000</u>
As at 1 April	490	522
Movement in the year	39	(32)
As at 31 March	<u>529</u>	<u>490</u>

23 CONTINGENT LIABILITIES

A fixed and floating charge exists on all of the group assets to secure its UK bank borrowings.

24 DEFERRED TAXATION

	<u>2001</u>	<u>2000</u>
	<u>£000</u>	<u>£000</u>
Unprovided deferred taxation relates to the following:		
Accelerated capital allowances	<u>291</u>	<u>516</u>

No provision has been made for taxation that would arise in the event of overseas subsidiaries distributing the balance of their reserves. It is not anticipated that these reserves will be remitted to the UK in the foreseeable future.

25 RELATED PARTY TRANSACTIONS

In the opinion of the directors there is no single ultimate controlling party.

Ultimate control is exercised by the individual shareholders which includes the directors, as shown in note 21.

In preparing these financial statements the Company has taken advantage of the exemptions available under paragraph 3 [c] of the Financial Reporting Standard No 8 Related Party Disclosures.

There were no other related party transactions during the year.

26 POST BALANCE SHEET EVENT

On 28 June 2001, the Group disposed of its interest in Clifford Thames Printing Company Limited. The results of the company are shown in Note 2 as discontinued operations. The impact on the reserves of the Group, at the date of disposal amounted to a reduction of £415,000. As part of the terms of the disposal, the company redeemed shares amounting to £312,000 with a commitment to the purchase of a further £384,000 over a three year period.