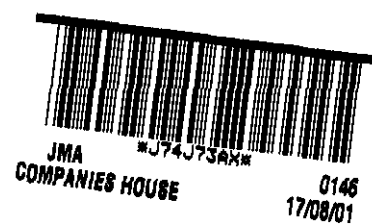


RIPPLE DEVELOPMENTS LIMITED

ANNUAL REPORT

YEAR ENDED 31st DECEMBER 2000

Company No. 1648796



RIPPLE DEVELOPMENTS LIMITED

Directors
D. J. Wolfenden Esq.
M. F. Wilson Esq.
K. D. Booth Esq. (resigned 12th June 2001)

Secretary
Mrs M. A. Evans

Auditors
K. P. Priest & Co.
Chartered Accountants
115 Huddersfield Road
Oldham
OL1 3NY

Bankers
National Westminster Bank PLC
55 High Street
Uppermill
Oldham
OL3 6AP

Registered Office
Hope Mill
Greenacres Road
Oldham
OL4 2AB

RIPPLE DEVELOPMENTS LIMITED

DIRECTORS REPORT

The directors present their report and audited financial statements for the year ended 31st December 2000.

Results and dividends

The profit for the year, after taxation, amounted to £56,632 (1999: £74,947). The directors have paid a dividend of £18,300 on 7th August 2000 and do not recommend the payment of a final dividend. The resulting profit of £38,332 is added to the company's retained profits of previous years.

Principle activities and business review

The principle activity of the company is the design, marketing and manufacture of shopfitting and display equipment.

Turnover during the year amounted to £2,057,780 compared with £2,099,294 in the previous year. The profit for the year before taxation amounted to £68,110 compared with £95,602.

Present levels of turnover are running lower than last year due to current economic factors. However, the directors are confident that with the ongoing restructuring of management the company will be well placed to take advantage of any upturn in the market.

Directors and their interests

The directors during the year and their beneficial interests in the shares of the company were as follows: -

	31st December 2000		31st December 1999	
	Ordinary	'A' Ordinary	Ordinary	'A' Ordinary
David J. Wolfenden	25	25	25	25
Mervyn F. Wilson	25	-	25	-
Kenneth D. Booth	-	-	-	-
(resigned 12th June 2000)				

The directors are not required to retire at the Annual General Meeting.

Details of directors' material interests in contracts are given in the notes to the accounts.

Fixed assets

Information relating to the acquisition and disposal of fixed assets are given in the notes to these accounts. In the opinion of the directors there was no significant difference between market and book values at 31st December 2000.

Events since the end of the year

The company is in negotiations with M. F. Wilson Esq. in connection with his retirement and with a view to purchasing his total shareholding of 25 £1 Ordinary shares. Whereas the consideration has yet to be agreed the company has secured sufficient facilities with its bankers for this purpose.

RIPPLE DEVELOPMENTS LIMITED

DIRECTORS REPORT

Close company

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial year.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the balance sheet date and of the results of the company for that period. In preparing those financial statements, the directors are required to:

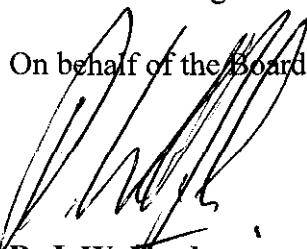
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enables 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.

Auditors

A resolution to re-appoint the auditors, K. P. Priest & Co., will be proposed at the Annual General Meeting.

On behalf of the Board



D. J. Wolfenden
Director

27th July 2001

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RIPPLE DEVELOPMENTS LIMITED

We have audited the financial statements of Ripple Developments Limited for the year ended 31st December 2000 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention, and the accounting policies set out therein.

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 law and United Kingdom Accounting Standards.

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

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

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



K.P. Priest & Co.

Chartered Accountants and Registered Auditor

115 Huddersfield Road

Oldham

OL1 3NY

27th July 2001

RIPPLE DEVELOPMENTS LIMITED**PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st DECEMBER 2000**

	Note	2000	1999
TURNOVER	2	2,057,780	2,099,294
Cost of sales		(1,630,068)	(1,643,684)
GROSS PROFIT		<u>427,712</u>	<u>455,610</u>
Distribution costs		(117,487)	(128,913)
Administrative expenses		(327,650)	(306,842)
Other operating income	3	76,520	76,107
OPERATING PROFIT	4	<u>59,095</u>	<u>95,962</u>
Other interest receivable and similar income		12,574	8,563
Interest payable	6	(3,559)	(8,923)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>68,110</u>	<u>95,602</u>
Taxation	7	(11,478)	(20,655)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>56,632</u>	<u>74,947</u>
Dividends	8	(18,300)	(21,400)
RETAINED PROFIT FOR THE YEAR	19	<u>£ 38,332</u>	<u>£ 53,547</u>

There were no recognised gains and losses for 2000 or 1999 other than those included in the profit and loss account.

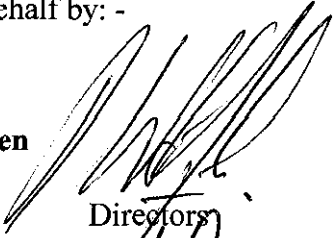
RIPPLE DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31st DECEMBER 2000

	Note	2000	1999
FIXED ASSETS			
Tangible assets	9	399,002	377,871
CURRENT ASSETS			
Stocks	10	50,018	76,980
Debtors	11	414,172	342,540
Cash at bank and in hand		<u>246,779</u>	<u>389,099</u>
		710,969	808,619
CREDITORS: amounts falling due within one year	12	530,853	639,850
NET CURRENT ASSETS		<u>180,116</u>	<u>168,769</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>579,118</u>	<u>546,640</u>
CREDITORS: amounts falling due after more than one year	13	(18,053)	(23,907)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	-	-
NET ASSETS		<u>£ 561,065</u>	<u>£ 522,733</u>
CAPITAL AND RESERVES			
Called up share capital	17	75	75
Capital redemption reserve	18	50	50
Profit and loss account	18	<u>560,940</u>	<u>522,608</u>
SHAREHOLDERS FUNDS			
- ALL EQUITY	19	<u>£ 561,065</u>	<u>£ 522,733</u>

The financial statements on pages 6 to 15 were approved by the Board on 27th July 2001 and signed on its behalf by: -

D. J. Wolfenden


Directors

M. F. Wilson



27th July 2001

RIPPLE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31st December 2000

1. Accounting policies

Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost of tangible fixed assets from the date when assets are first brought into use, at the following annual rates: -

Freehold land and buildings	-	2% straight line
Plant and furniture	-	15% straight line
Computer equipment	-	40% straight line
Motor vehicles	-	25% written down value

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Deferred taxation

Deferred taxation arises when items are recognised for tax purposes in periods that differ from the periods in which the items are recognised for accounting purposes. The company provides for deferred taxation at the current rates of tax on timing differences to the extent that tax liabilities are likely to arise in the foreseeable future.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income, which is then credited to the profit and loss account over the related asset's useful life.

Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease. Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

2. Turnover

Turnover represents the value of sales, excluding value added tax, returns and allowances, of goods in the normal course of business.

RIPPLE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31st December 2000

	2000	1999
3. Other operating income		
Overheads recovered and rents charged to companies sharing facilities	<u>76,520</u>	<u>76,107</u>

4. Operating profit

This is stated after charging: -

Directors emoluments	108,549	134,710
Auditors remuneration		
- for audit services	6,400	6,400
- for other services	8,411	8,081
Depreciation of tangible fixed assets		
- owned by the company	39,987	29,172
- held under finance leases and hire purchase contracts	9,367	12,505
Equipment hire - plant	5,379	3,505
Government grant - amount released	<u>(258)</u>	<u>(258)</u>

5. Directors and employees

The remuneration paid to the directors was: -

Salaries including benefits	104,295	130,710
Pension contributions	<u>4,254</u>	<u>4,000</u>
	<u>108,549</u>	<u>134,710</u>

The details of directors interests are detailed in related party transactions, note 24. During the year retirement benefits were accruing to two directors (1999: one) in respect of money purchase pension schemes.

Staff costs including directors' remuneration were as follows: -

	2000	1999
Wages and salaries	387,947	434,370
Social security costs	35,996	41,191
Other pension costs	<u>22,068</u>	<u>4,000</u>
	<u>446,011</u>	<u>479,561</u>

The average monthly number of employees including directors during the period was as follows: -

Production	30	31
Office staff and management	<u>13</u>	<u>12</u>
	<u>43</u>	<u>43</u>

RIPPLE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31st December 2000

	2000	1999
6. Interest payable		
On bank loans and overdrafts	2,490	7,538
Finance leases and hire purchase contracts	1,069	1,385
Other interest	<u>-</u>	<u>-</u>
	<u>3,559</u>	<u>8,923</u>
7. Taxation		
UK Corporation tax		
Current tax on profit for the year	11,491	20,655
Deferred taxation	<u>-</u>	<u>-</u>
	11,491	20,655
Prior year		
UK Corporation tax	(13)	-
	<u>11,478</u>	<u>20,655</u>
8. Dividends		
Paid: -		
Interim dividend of £732 per ordinary share on 7th August 2000	18,300	-
Interim dividend of £856 per ordinary share on 15th July 1999	-	21,400
	<u>18,300</u>	<u>21,400</u>

M Wilson waived his right to the above dividends paid on 15th July 1999 and 7th August 2000.

RIPPLE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31st December 2000

9. Tangible fixed assets

	Freehold land and buildings	Plant and furniture	Motor vehicles	Total
Cost				
At 1st January 2000	376,427	72,600	119,649	568,676
Additions	-	4,930	92,305	97,235
Disposals	-	-	(80,359)	(80,359)
At 31st December 2000	<u>376,427</u>	<u>77,530</u>	<u>131,595</u>	<u>585,552</u>
Depreciation				
At 1st January 2000	71,518	47,099	72,188	190,805
Charge	7,529	11,250	30,575	49,354
Disposals	-	-	(53,609)	(53,609)
At 31st December 2000	<u>79,047</u>	<u>58,349</u>	<u>49,154</u>	<u>186,550</u>
Net book value				
At 31st December 2000	<u>297,380</u>	<u>19,181</u>	<u>82,441</u>	<u>399,002</u>
As at 1st January 2000	<u>304,909</u>	<u>25,501</u>	<u>47,461</u>	<u>377,871</u>

The net book value of tangible fixed assets includes an amount of £25,463 (1999: £37,508) in respect of assets held under finance leases and hire purchase contracts.

	2000	1999
10. Stocks		
Raw materials and parts	14,685	20,595
Work in progress	-	13,193
Finished goods and goods for resale	<u>35,333</u>	<u>43,192</u>
	<u>50,018</u>	<u>76,980</u>
11. Debtors		
Trade debtors	395,993	304,258
Prepayments and accrued income	<u>18,179</u>	<u>38,282</u>
	<u>414,172</u>	<u>342,540</u>

RIPPLE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31st December 2000

	2000	1999
12. Creditors: amounts falling due within one year		
Bank loans (see note 14)	3,831	43,680
Finance lease obligations (see note 15)	8,174	8,182
Payments received on account	59,258	23,910
Trade creditors	308,215	421,951
Corporation tax	11,491	20,655
Other taxes and social security costs	75,558	22,020
Accruals	64,326	99,452
Dividends proposed	-	-
	<u>530,853</u>	<u>639,850</u>
13. Creditors: amounts falling due after more than one year		
Bank loans (see note 14)	-	3,831
Finance lease obligations (see note 15)	7,878	9,643
Accruals and deferred income	<u>10,175</u>	<u>10,433</u>
	<u>18,053</u>	<u>23,907</u>
14. Bank loans		
Not wholly repayable within 5 years: -		
Loan at 10% per annum repayable over 6½ years which commenced in August 1994	<u>3,831</u>	<u>47,511</u>
Summarised as follows: -		
in one to two years	-	3,831
in two to five years	-	-
in five years or more	<u>-</u>	<u>-</u>
	-	3,831
within one year (see note 12)	<u>3,831</u>	<u>43,680</u>
	<u>3,831</u>	<u>47,511</u>

The bank loans are secured by legal charges on the company's land and buildings and mortgage debenture over the whole of the company's assets.

RIPPLE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31st December 2000

	2000	1999
15. Obligations under finance leases		
Amounts payable		
in one to two years	7,878	4,872
in two to five years	<u>-</u>	<u>4,771</u>
	7,878	9,643
within one year (see note 12)	<u>8,174</u>	<u>8,182</u>
	<u>16,052</u>	<u>17,825</u>

The finance leases are secured on the assets concerned.

16. Provisions for liabilities and charges

Deferred taxation

As at 1st January 2000	-	-
(Credited)/debited to profit and loss account	<u>-</u>	<u>-</u>
As at 31st December 2000	<u>-</u>	<u>-</u>

17. Share capital

Authorised		
Ordinary shares of £1 each	15,000	15,000
'A' Ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>
	£ 30,000	£ 30,000
Allotted, called-up and fully paid		
Ordinary shares of £1 each	50	50
'A' Ordinary shares of £1 each	<u>25</u>	<u>25</u>
	<u>75</u>	<u>75</u>

The 'A' ordinary shares are entitled to vote but do not rank for a dividend or any other distribution, and are not entitled to any assets upon a winding up.

18. Reserves

	Capital redemption reserve	Profit and loss account	Total
At 1st January 2000	50	522,608	522,658
Retained profit for the year	<u>-</u>	<u>38,332</u>	<u>38,332</u>
At 31st December 2000	<u>50</u>	<u>560,940</u>	<u>560,990</u>

RIPPLE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31st December 2000

19. Reconciliation of movements in shareholders funds

	2000	1999
Profit for the year	56,632	74,947
Dividends	<u>(18,300)</u>	<u>(21,400)</u>
Net (reduction)/addition to shareholders funds	38,332	53,547
Opening shareholders funds	<u>522,733</u>	<u>469,186</u>
Closing shareholders funds	<u>561,065</u>	<u>522,733</u>

20. Capital commitments

At 31st December 2000 the company had capital commitments contracted for but not provided in these financial statements of £45,838 (1999: £25,610).

21. Contingent liabilities

The company has guaranteed the bank loans and overdraft facilities of two companies owned by the directors. These companies provide manufacturing services to the company.

Total bank facilities extended to these companies as at 31st December 2000 was £Nil (1999: £Nil)

22. Pension contributions

The company operates two defined contribution non-contributory pension schemes in respect of one director (1999: one). Premiums are payable annually to Scottish Widows Fund and Life Assurance Society and Scottish Mutual Assurance PLC and the assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,000 (1999: £4,000).

The company also operates a defined contribution pension scheme, The Ripple Group Personal Pension Scheme, for the employees and two directors. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £21,068 (1999: £Nil).

23. Other financial commitments

The company had no material commitments in respect of lease agreements and for which no provision has been made in the financial statements. (1999: £Nil)

RIPPLE DEVELOPMENTS LIMITED

Notes to the financial statements for the year ended 31st December 2000

24. Related party transactions

All the directors are directors of two companies providing products and related services to the company. The two companies are Ripple Woodtech Limited and Covercoat Limited, which are both incorporated in England and Wales. All the directors except K. D. Booth are shareholders of the companies.

D J Wolfenden and K D Booth are directors and shareholders of the company Eclipse Metal Products Limited which is incorporated in England and Wales.

D J Wolfenden is a shareholder of the company Faxcessory Limited incorporated in England and Wales.

M F Wilson is also a director and shareholder of the company Armer Quality Components Limited incorporated in England and Wales.

Goods and services

	2000	1999
Provided by Ripple Developments Limited		
to Covercoat Limited	103,935	112,196
to Ripple Woodtech Limited	194,097	309,197
to Eclipse Metal Products Limited	6,917	2,929
to Faxcessory Limited	-	-
to Armer Quality Components Limited	4,551	5,692
Provided for Ripple Developments Limited		
by Covercoat Limited	117,499	162,524
by Ripple Woodtech Limited	410,863	425,926
to Eclipse Metal Products Limited	163,103	215,914
to Faxcessory Limited	-	111
by Armer Quality Components Limited	67,883	120,418

The balances outstanding with these related parties at the year-end were as follows: -

	2000	1999
Included in trade debtors		
Faxcessory Limited	2,808	3,633
Included in trade creditors		
Covercoat Limited	41,067	76,648
Ripple Woodtech Limited	84,850	87,063
Eclipse Metal Products Limited	13,325	28,737
Armer Quality Components Limited	20,917	17,288

The company has also guaranteed the bank loans and overdrafts of Ripple Woodtech Limited and Covercoat Limited (see note 21).