

**ALEXANDER DREW & SONS LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER 2001**



A member of the LAMONT HOLDINGS GROUP of companies

ALEXANDER DREW & SONS LIMITED

CONTENTS

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	Page
Board of Directors	3
Report of the Directors	4 - 5
Report of the Auditors	6 - 7
Statement of Accounting Policies	8
Profit and Loss Account	9
Balance Sheet	10
Notes to the Accounts	11 - 13

ALEXANDER DREW & SONS LIMITED

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DIRECTORS

W Gleave  
G M Askew

SECRETARY

G M Askew

REGISTERED  
OFFICE

Stotts Mill, Bridgefold Road  
Rochdale, Lancs OL11 5BZ

Registered in England  
No. 2457584

REGISTERED  
AUDITORS

PricewaterhouseCoopers  
Waterfront Plaza  
8 Laganbank Road  
Belfast BT1 3LR

## ALEXANDER DREW & SONS LIMITED

### REPORT OF THE DIRECTORS

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The Directors present their Report and the audited Accounts for the year ended 31st December 2001.

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### POST BALANCE SHEET EVENTS

As referred to on page 8 the Group has entered into agreements with the Bankers as part of a financial restructuring of its share capital and borrowings, conditional upon the approval of the shareholders of the resolutions necessary to effect a placing and open offer and the repayment of a bridge facility from the proceeds. Assuming that these conditions are fulfilled the reorganisation of the share capital of the Group will include the conversion of existing bank debt and interest into new ordinary shares and non-interest bearing loan stock.

#### GOING CONCERN

After making appropriate enquiries, the directors have a reasonable expectation that the group and the Company have adequate resources to continue in operational existence for the foreseeable future. For the reasons set out in the Statement of Accounting Policies on page 8 they continue to adopt the going concern basis in preparing the company's financial statements.

#### PRINCIPAL ACTIVITIES

The Company did not trade during the year ended 31st December 2001. Its income consisted of bank interest received.

#### BUSINESS REVIEW

The Directors consider the position of the company at the end of the year to be satisfactory. The company is now dormant.

ALEXANDER DREW & SONS LIMITED

REPORT OF THE DIRECTORS (continued)

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RESULTS

The profit for the financial year amounted to £44. No dividend is recommended.

DIRECTORS

The composition of the Board of Directors at the date of this report is given on page 3.

Mr R A Milliken and Mr M G Lamont resigned as Directors of the Company on 18<sup>th</sup> October 2001, Mr W Gleave and Mr G M Askew being duly appointed.

DIRECTORS' INTERESTS

Mr W Gleave is a director of Lamont Holdings PLC and his interests in the share capital of that company are disclosed in its Report of the Directors.

The interests of the other Director and his family in the ordinary share capital of Lamont Holdings PLC are shown below:

	<u>31.12.01</u>	<u>31.12.00</u>
G M Askew - Share Options	50,000	-

BY ORDER OF THE BOARD

G M Askew  
SECRETARY



Stotts Mill  
Bridgefold Road  
Rochdale OL11 5BZ

28<sup>th</sup> May 2002

**Independent auditors' report to the members of Alexander Drew and Sons Limited**

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**Basis of audit opinion**

We conducted our audit in accordance with 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.

**Independent auditors' report to the members of Alexander Drew and Sons Limited (continued)**

**Going Concern**

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the uncertainty of the outcome of proposals to raise £1,300,000 by way of a placing and open offer of new ordinary shares, and a conditional agreement with the Group's bankers to restructure its bank debt and to provide revised borrowing facilities. The financial statements have been prepared on a going concern basis, the validity of which depends on shareholder approval for and the implementation of the placing and open offer, and the agreement for the revised banking arrangements becoming unconditional. The financial statements do not include any adjustments that would result from the parent group's failure to meet its projections or to meet the required reduction in its funding requirement. Details of the circumstances relating to this fundamental uncertainty are described on page 8. Our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS  
Chartered Accountants and Registered Auditors

Belfast  
28<sup>th</sup> May 2002

## ALEXANDER DREW & SONS LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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The financial accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### BASIS OF ACCOUNTING

The accounts of the Company have been prepared on the historical cost basis of accounting.

#### BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis, which assumes that the Company's parent group will continue in operational existence for the foreseeable future.

On 28<sup>th</sup> January 2002 one of the Group's bankers agreed to an advance by way of a bridging facility to finance its immediate working capital needs.

Cashflow from the Group's remaining businesses is insufficient to service the bank debt, and on the 24<sup>th</sup> May 2002 the Group entered into an agreement with its bankers as part of a financial restructuring of its capital and borrowings. The directors propose to restructure the Group's share capital and indebtedness by an underwritten placing and open offer of new ordinary shares, conversion of existing bank debt into ordinary shares and non-interest bearing loan stock repayable by the Group in June 2005.

These proposals, and the agreements with the Group bankers, are conditional upon the approval of the Group's shareholders which is being sought at an extraordinary general meeting convened for 19<sup>th</sup> June 2002. If the placing and open offer and the financial restructuring are not implemented, the Group would need to seek additional banking facilities in order to continue to trade. The directors believe in the absence of new shareholder funding it is unlikely that such facilities would be made available, and the going concern basis would not be valid. In such an event adjustments would have to be made to reduce the balance sheet values of the Company's assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Whilst the directors are presently uncertain as to the outcome of the matters referred to above they believe that it is appropriate for the financial statements to be prepared on a going concern basis.



ALEXANDER DREW & SONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2001

	Note	<u>2001</u> £	<u>2000</u> £
INTEREST RECEIVABLE		44	1,062,449
Operating expenses		-	-
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		44	1,062,449
Taxation	1	-	-
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		44	1,062,449
DIVIDENDS PAYABLE	2	-	(1,053,250)
		-----	-----
RETAINED PROFIT FOR THE YEAR	6	44	9,199
		=====	=====

The Company has no recognised gains and losses other than those included in the results above and therefore no statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

ALEXANDER DREW & SONS LIMITED

BALANCE SHEET

At 31st December 2001

	Note	<u>2001</u> £	<u>2000</u> £
<b>FIXED ASSETS</b>			
Investments	3	-	480
<b>CURRENT ASSETS</b>			
Debtors	4	14,878,693	14,864,019
Cash at bank		-	14,150
<b>NET CURRENT ASSETS</b>		<u>14,878,693</u>	<u>14,878,169</u>
<b>NET ASSETS EMPLOYED</b>		<u>14,878,693</u>	<u>14,878,649</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital - equity	5	14,000,000	14,000,000
Profit and loss account	6	878,693	878,649
<b>SHAREHOLDERS' FUNDS</b>	7	<u>14,878,693</u>	<u>14,878,649</u>

The accounts on pages 8 to 13 were approved by the Board of Directors on 28<sup>th</sup> May 2002 and signed on its behalf by:



W Gleave  
DIRECTOR

ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS

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Year ended 31st December 2001

1. TAXATION

There is no charge for corporation tax as the Company receives group relief for which no payment is made.

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2. DIVIDENDS

	<u>2001</u> £	<u>2000</u> £
Ordinary dividends - interim paid	-	1,053,250
	=====	=====

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3. INVESTMENTS

	<u>Treasury</u> <u>Stock</u> £
<b>COST</b>	
At 1st January 2001	480
Disposals	(480)
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31st December 2001	-
	=====
 <b>NET BOOK VALUE</b>	
At 31st December 2001	-
	====
At 31st December 2000	480
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ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS (continued)

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Year ended 31st December 2001

4. DEBTORS

	<u>2001</u> £	<u>2000</u> £
Amounts owed by group companies	14,878,693	14,864,000
Prepayments	-	19
	<u>14,878,693</u>	<u>14,864,019</u>
	=====	=====

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5. SHARE CAPITAL

	<u>2001</u> £	<u>2000</u> £
Authorised, allotted, called up and fully paid:		
14,000,000 Ordinary shares of £1 each	14,000,000	14,000,000
	<u>14,000,000</u>	<u>14,000,000</u>
	=====	=====

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6. PROFIT AND LOSS ACCOUNT

	£
At 1st January 2001	878,649
Retained profit for the year	44
	<u>878,693</u>
At 31st December 2001	878,693
	=====

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ALEXANDER DREW & SONS LIMITED

NOTES TO ACCOUNTS (continued)

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Year ended 31st December 2001

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u> £	<u>2000</u> £
Opening shareholders' funds	14,878,649	14,869,450
Profit for the financial year	44	1,062,449
Dividends	-	(1,053,250)
	-----	-----
Closing shareholders' funds	14,878,693	14,878,649
	=====	=====

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8. CONTINGENT LIABILITIES

The Company is joined in joint and several guarantees in relation to bank borrowing facilities granted to its Holding company and fellow subsidiary companies.

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9. HOLDING COMPANY

The Company is a wholly owned subsidiary of Lamont Holdings PLC, a company incorporated in Scotland.

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