

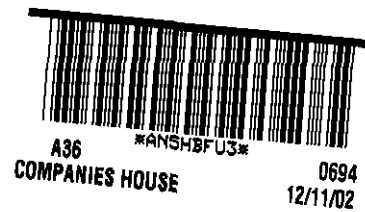
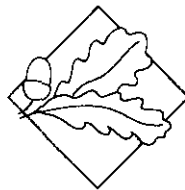
Company Registration No. 1058015 (England and Wales)

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**RITCHEY TAGG LIMITED**

**DIRECTORS REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2002**

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**KENNETH EASBY & CO**  
CHARTERED ACCOUNTANTS

# **RITCHEY TAGG LIMITED**

## **COMPANY INFORMATION**

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### **Directors**

I Maxwell Scott  
G C Rhodes  
G H Fabretti  
S Hall FCCA  
The Earl of Hillsborough

### **Secretary**

S Hall FCCA

### **Company Number**

1058015

### **Registered Office**

Fearby Road  
Masham  
Ripon  
North Yorkshire  
HG4 4ES

### **Auditors**

Kenneth Easby & Co  
Oak Mount  
Thornfield Business Park  
Standard Way  
Northallerton  
North Yorkshire  
DL6 2XQ

### **Bankers**

Barclays Bank plc  
P O Box 76  
25 James Street  
Harrogate  
North Yorkshire  
HG1 1QX

# RITCHEY TAGG LIMITED

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# RITCHEY TAGG LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

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The directors present their annual report on the affairs of the group together with the financial statements for the year ended 30 June 2002.

### **Principal activities and review of the business**

#### **Ritchey Tagg Limited**

The principal activity of the company continues to be that of the manufacture and sale of identification products together with other animal products.

Against a background of a depressed agricultural economy and the uncertainties within the industry created by 'foot and mouth' disease the company has had an exceptional year. During the year the company's turnover has continued to increase with the introduction of further legislation relating to the traceability of livestock throughout the world.

Sales of sheep tags during the year have continued to expand, a trend which should be repeated on an annual basis.

The investment made by the company in previous years in both computer and laser technology has meant that this additional demand can be dealt with in a timely and efficient manner.

#### **Fearing International (Stock Aids) Limited**

On 1 July 2001 the company successfully completed the acquisition of 100% of the ordinary share capital of Fearing International (Stock Aids) Limited "Fearings". Although operating within the same industry this acquisition through its direct sales has enabled additional markets to be addressed. Fearings has and will continue to operate under its existing trading name and independently from that of Ritchey Tagg Limited. The company continues to operate from rented premises at Brixworth, Northampton.

The principal activity of this company is also the sale of identification products together with other animal products.

The directors are satisfied with the profitability of this business in its first year following acquisition.

#### **Post balance sheet event**

On 1 July 2002 the company successfully completed the acquisition of 100% of the ordinary share capital of Brookwick Ward & Company Limited "Brookwick Ward". The acquisition of this company will enhance product sales to the equine and veterinary markets. Although "Brookwick Ward" will continue to operate as a separate company this business has now been relocated to Ritchey Tagg's main operating site at Masham, North Yorkshire.

#### **Results and dividends**

The results for the year are set out on page 4.

As detailed in the profit and loss account on page 4 the group has realised a net profit for the year after tax of £908,038 (2001: £591,998). The company declared a first and final dividend of 32.4p per share to be paid to shareholders by 30 September 2002 (2001: 19.8p per share interim, 12.6p per share final).

#### **Future developments**

The group continues to concentrate on expanding its core business. Following the two acquisitions which have been made over the last 12 months the directors are looking forward to a period of consolidation. The directors will however consider making further acquisitions as and when opportunities arise which will further complement the group's existing business.

# RITCHEY TAGG LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

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### Directors

The following directors have held office since 1 July 2001:

I Maxwell Scott  
G C Rhodes  
G H Fabretti  
S Hall FCCA  
The Earl of Hillsborough

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	30 June 2002	1 July 2001
I Maxwell Scott	12,000	12,000
G C Rhodes	70,200	70,200
G H Fabretti	32,356	32,356
S Hall FCCA	16,178	16,178
The Earl of Hillsborough	4,266	4,266

In addition the above The Earl of Hillsborough has an interest in 107,565 shares of the company, all of these shares are held in settlement accounts.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Kenneth Easby & Co be re-appointed as auditors will be put to the Annual General Meeting.

### 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 of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



S Hall FCCA  
Director  
6 September 2002

# RITCHEY TAGG LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RITCHEY TAGG LIMITED

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We have audited the financial statements of Ritchey Tagg Limited on pages 4 to 20 for the year ended 30 June 2002. 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 on page 2 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.

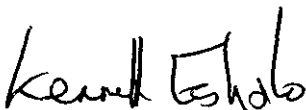
### **Basis of Opinion**

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 30 June 2002 and of the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kenneth Easby & Co

Chartered Accountants and Registered Auditors

6 September 2002

Oak Mount  
Thornfield Business Park  
Standard Way  
Northallerton  
North Yorkshire  
DL6 2XQ

**RITCHEY TAGG LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2002**

	Notes	2002 £	2001 £
Turnover	2	7,014,743	4,987,355
Cost of sales		(2,356,015)	(1,811,260)
<b>Gross profit</b>		<u>4,658,728</u>	<u>3,176,095</u>
Distribution costs		(283,367)	(235,796)
Administrative expenses		(2,951,852)	(2,129,328)
Other operating income		32,493	28,187
<b>Operating profit</b>	3	<u>1,456,002</u>	<u>839,158</u>
Other interest receivable and similar income	4	23,305	16,606
Interest payable and similar charges	5	(85,802)	(13,920)
<b>Profit on ordinary activities before taxation</b>		<u>1,393,505</u>	<u>841,844</u>
Taxation on profit on ordinary activities	6	(485,467)	(249,846)
<b>Profit on ordinary activities after taxation</b>		<u>908,038</u>	<u>591,998</u>
Dividends	7	(168,014)	(148,574)
<b>Retained profit for the year</b>		<u><u>740,024</u></u>	<u><u>443,424</u></u>

The consolidated profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the consolidated profit and loss account.

The accompanying notes are an integral part of the consolidated profit and loss account.

# RITCHEY TAGG LIMITED

## BALANCE SHEETS AS AT 30 JUNE 2002

	Notes	Group		Company	
		2002	2001	2002	2001
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8	2,001,290	-	-	-
Tangible assets	9	1,030,604	999,025	921,964	999,025
Investments	10		-	2,473,016	-
		3,031,894	999,025	3,394,980	999,025
<b>Current assets</b>					
Stocks	12	795,524	640,856	631,389	640,856
Debtors	13	1,234,714	909,381	1,092,729	909,381
Cash at bank and in hand		911,650	1,071,640	542,974	1,071,640
		2,941,888	2,621,877	2,267,092	2,621,877
<b>Creditors: amounts falling due within one year</b>	14	(2,056,989)	(1,150,388)	(1,838,374)	(1,150,388)
<b>Net current assets</b>		884,899	1,471,489	428,718	1,471,489
<b>Total assets less current liabilities</b>		3,916,793	2,470,514	3,823,698	2,470,514
<b>Creditors: Amounts falling due after more than one year</b>	15	(43,860)	-	(43,860)	-
<b>Provisions for liabilities and charges</b>	16	(75,095)	(42,700)	(60,200)	(42,700)
		3,797,838	2,427,814	3,719,638	2,427,814
<b>Capital and reserves</b>					
Called up share capital	18	518,563	458,563	518,563	458,563
Share premium account	19	899,554	329,554	899,554	329,554
Profit and loss account	19	2,379,421	1,639,397	2,301,221	1,639,397
Other reserves	19	300	300	300	300
<b>Shareholders' funds – equity interests</b>		3,797,838	2,427,814	3,719,638	2,427,814

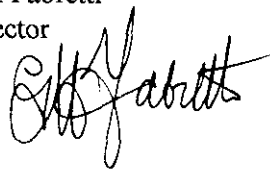
The accompanying notes are an integral part of these balance sheets.

The financial statements were approved by the board on 6 September 2002

G C Rhodes  
Director



G H Fabretti  
Director



**RITCHEY TAGG LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2002**

	2002	2001
	£	£
<b>Net cash inflow from operating activities</b>	2,392,438	1,035,307
<b>Returns on investment and servicing of finance</b>		
Interest received	23,305	16,606
Interest paid	(85,802)	(13,920)
<b>Net cash inflow/(outflow) for returns on investments and servicing of finance</b>	(62,497)	2,686
<b>Taxation</b>	(317,765)	(152,505)
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(177,148)	(149,693)
Receipts from sales of tangible assets	23,376	45,188
Payments to acquire subsidiary	(2,473,016)	-
<b>Net cash inflow/(outflow) for capital expenditure</b>	(2,626,788)	(104,505)
<b>Equity dividends paid</b>	(148,574)	(123,812)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>	(763,186)	657,171
<b>Financing</b>		
Issue of ordinary share capital	630,000	-
Capital element of finance lease contracts	(413)	(8,777)
<b>Net cash inflow from financing</b>	629,587	(8,777)
<b>(Decrease)/increase in cash in the year</b>	<u>(133,599)</u>	<u>648,394</u>

**RITCHEY TAGG LIMITED**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2002**

<b>1</b>	<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		<b>2002</b>	<b>2001</b>
			<b>£</b>	<b>£</b>
	Operating profit		1,456,002	839,158
	Depreciation of tangible assets		189,125	173,124
	Amortisation of intangible assets		222,366	-
	Profit on disposal of tangible assets		(3,818)	(5,389)
	Decrease in stocks		9,043	89,615
	Increase in debtors		(142,571)	(198,272)
	Increase in creditors within one year		618,431	137,071
	Increase in creditors over one year		43,860	-
	<b>Net cash inflow from operating activities</b>		<u>2,392,438</u>	<u>1,035,307</u>
<b>2</b>	<b>Analysis of net funds</b>		<b>Other</b>	
		<b>1 July</b>	<b>Cash</b>	<b>30 June</b>
		<b>2001</b>	<b>flow</b>	<b>2002</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	Net cash:			
	Cash at bank and in hand	1,071,640	(159,990)	-
	Bank overdrafts	(53,041)	26,391	-
		<u>1,018,599</u>	<u>(133,599)</u>	<u>-</u>
	Debt:			
	Finance leases	(413)	413	-
	<b>Net funds</b>	<u>1,018,186</u>	<u>(133,186)</u>	<u>-</u>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net debt</b>		<b>2002</b>	<b>2001</b>
			<b>£</b>	<b>£</b>
	(Decrease)/increase in cash in the year		(133,599)	648,394
	Cash outflow from decreased in debt and lease financing		413	8,777
	<b>Movement in net funds in the year</b>		<u>(133,186)</u>	<u>657,171</u>
	Opening net funds		1,018,186	361,015
	<b>Closing net funds</b>		<u>885,000</u>	<u>1,018,186</u>

# RITCHEY TAGG LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

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### 1. Accounting policies

#### 1.1 Accounting convention

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

#### 1.2 Basis of consolidation

The consolidated accounts incorporate the accounts of the company and of its subsidiaries made up to 30 June 2002. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date on which control passed.

The company has taken advantage of S230 of the Companies Act 1985 and does not publish a separate profit and loss account.

#### 1.3 Intangible fixed assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its estimated useful economic life, which is 10 years. Provision is made for any impairment.

#### 1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.5 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the group is expected to benefit.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Buildings Freehold	2% straight line basis
Plant and equipment	25% reducing balance basis
Office furniture and equipment	25% reducing balance basis
Motor vehicles	33% (high mileage) and 25% (low mileage) reducing balance basis

## RITCHEY TAGG LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

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#### 1 Accounting policies (*continued*)

##### 1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### 1.8 Stock

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

##### 1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the group during the year in accordance with SSAP 24.

##### 1.10 Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted in accordance with FRS 19. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**RITCHEY TAGG LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2002**

**2. Turnover**

The total turnover of the group for the year has been derived from its principal activity.

**Segmental analysis by geographical area**

The analysis by geographical area of the group's turnover is set out below:

**Geographical market**

	<b>2002</b>	<b>2001</b>
	£	£
	(000's)	(000's)
United Kingdom	5,852	4,656
Europe	384	150
Americas	706	63
Australasia	5	10
Rest of the World	68	108
	<u>7,015</u>	<u>4,987</u>
	=====	=====

**3. Operating profit**

Operating profit is stated after charging:

	<b>2002</b>	<b>2001</b>
	£	£
Depreciation of tangible fixed assets	189,125	173,124
Research and development	2,141	38
Operating lease rentals	40,322	39,146
Auditors' remuneration (company £8,500)	12,500	8,000
Amortisation of goodwill	222,366	-
	<u>706,454</u>	<u>320,308</u>
	=====	=====

**4 Other interest receivable and similar income**

	<b>2002</b>	<b>2001</b>
	£	£
Bank interest	23,305	16,606
	<u>23,305</u>	<u>16,606</u>
	=====	=====

**5 Interest payable and similar charges**

	<b>2002</b>	<b>2001</b>
	£	£
Bank charges and interest	85,389	8,364
Hire purchase and finance lease interest	413	5,556
	<u>85,802</u>	<u>13,920</u>
	=====	=====

**RITCHEY TAGG LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2002**

6	Taxation	2002 £	2001 £
	<b>Domestic current year tax</b>		
	UK corporation tax	464,795	267,850
	Adjustment for prior years	(49)	(294)
	<b>Current tax charge</b>	<u>464,746</u>	<u>267,556</u>
	<b>Deferred tax</b>		
	Deferred tax charge/(credit) current year	20,721	(23,600)
	Deferred tax adjustment re previous year	-	5,890
		<u>20,721</u>	<u>(17,710)</u>
		<u>485,467</u>	<u>249,846</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>1,393,505</u>	<u>841,844</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001: 28.50%)	418,051	239,926
	Effects of:		
	Non deductible expenses	5,370	5,106
	Depreciation	55,592	47,804
	Amortisation of goodwill	66,710	-
	Capital allowances	(51,198)	(45,969)
	Other tax adjustments	(20,955)	20,689
	Benefit of marginal small company relief	(8,824)	-
		<u>46,695</u>	<u>27,630</u>
	<b>Current tax charge</b>	<u>464,746</u>	<u>267,556</u>
		<u>168,014</u>	<u>148,574</u>
7.	<b>Dividends</b>	<b>2002</b> £	<b>2001</b> £
	Ordinary interim	-	90,795
	Ordinary final proposed	168,014	57,779
		<u>168,014</u>	<u>148,574</u>

**RITCHEY TAGG LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2002**

**8. Intangible fixed assets – goodwill**

<b>Group</b>	
<b>Cost</b>	<b>£</b>
At 1 July 2001	-
Additions	2,223,656
	-----
At 30 June 2002	2,223,656
	-----
<b>Amortisation</b>	
At 1 July 2001	-
Charge for the year	222,366
	-----
At 30 June 2002	222,366
	-----
<b>Net book value</b>	
At 30 June 2002	2,001,290
	=====
At 30 June 2001	-
	=====

Goodwill arises in the year as a result of the fair value adjustment resulting from the acquisition of Fearing International (Stock Aids) Limited.

**9. Tangible fixed assets**

<b>Group</b>	<b>Land and buildings Freehold</b>	<b>Plant and equipment</b>	<b>Office furniture &amp; equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
As at 1 July 2001	611,281	985,608	211,131	73,725	1,881,745
Additions	10,739	166,648	35,343	27,532	240,262
Disposals	-	(115,805)	(3,915)	(17,965)	(137,685)
	-----	-----	-----	-----	-----
At 30 June 2002	622,020	1,036,451	242,559	83,292	1,984,322
	-----	-----	-----	-----	-----
<b>Depreciation</b>					
At 1 July 2001	165,438	588,857	107,700	20,725	882,720
On disposals	-	(103,094)	(3,559)	(11,474)	(118,127)
Charge for the year	12,131	128,719	30,901	17,374	189,125
	-----	-----	-----	-----	-----
At 30 June 2002	177,569	614,482	135,042	26,625	953,718
	-----	-----	-----	-----	-----
<b>Net book value</b>					
At 30 June 2002	444,451	421,969	107,517	56,667	1,030,604
	=====	=====	=====	=====	=====
At 30 June 2001	445,843	396,751	103,431	53,000	999,025
	=====	=====	=====	=====	=====

RITCHEY TAGG LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2002

9. Tangible fixed assets (continued)

Company	Land and Buildings Freehold £	Plant and equipment £	Office furniture & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 July 2001	611,281	985,608	211,131	73,725	1,881,745
Additions	10,739	66,012	6,038	23,707	106,496
Disposals	-	(70,207)	(1,500)	(17,965)	(89,672)
At 30 June 2002	622,020	981,413	215,669	79,467	1,898,569
<b>Depreciation</b>					
At 1 July 2001	165,438	588,857	107,700	20,725	882,720
On disposals	-	(57,496)	(1,144)	(11,474)	(70,114)
Charge for the year	12,131	109,153	26,297	16,418	163,999
At 30 June 2002	177,569	640,514	132,853	25,669	976,605
<b>Net book value</b>					
At 30 June 2002	444,451	340,899	82,816	53,798	921,964
At 30 June 2001	445,843	396,751	103,431	53,000	999,025

Included above are assets held under finance leases or hire purchase contracts as follows:

	Group Motor vehicles £	Company Motor vehicles £
<b>Net book values</b>		
At 30 June 2002	-	-
At 30 June 2001	7,790	7,790
<b>Depreciation charge for the year</b>		
30 June 2002	1,298	1,298
30 June 2001	2,597	2,597

**RITCHEY TAGG LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2002**

**10. Fixed asset investments**

<b>Company</b>	<b>Shares in group undertakings and participating interests £</b>
<b>Cost</b>	
At 1 July 2001	102
Additions	2,473,016
At 30 June 2002	<u>2,473,118</u>
<b>Provisions for diminution in value</b>	
At 1 July 2001	102
Amortisation	<u>-</u>
At 30 June 2002	102
<b>Net book value</b>	
At 30 June 2002	<u>2,473,016</u>
At 30 June 2001	<u>-</u>

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies:

<b>Company</b>	<b>Country or registration or incorporation</b>	<b>Class</b>	<b>Shares held %</b>
<b>Subsidiary undertakings</b>			
Ritchey Europe Limited	England	Ordinary	100
Makesmart Limited	England	Ordinary	100
Fearing International (Stock Aids) Ltd	England	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

**Principal activity**

Ritchey Europe Limited	- Dormant
Makesmart Limited	- Dormant
Fearing International (Stock Aids) Ltd	- The sale of identification products together with other livestock products.

# RITCHEY TAGG LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2002

### 10 Fixed Asset investments (*continued*)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and Reserves £	Profit for the year £
Ritchey Europe Limited	100	-
Makesmart Limited	2	-
Fearing International (Stock Aids) Limited	549,927	300,567
	<u>=====</u>	<u>=====</u>

### 11. Acquisition of subsidiary undertaking Fearing International (Stock Aids ) Limited

The company was acquired by Ritchey Tagg Limited in July 2001.

The following table sets out the book values of the identifiable assets acquired and their fair value to the group.

	Book value and fair value to group £
Tangible fixed assets	63,114
Stocks	163,711
Debtors	182,762
Creditors	(148,553)
Provisions for liabilities and charges	(11,674)
<b>Net assets</b>	<u>249,360</u>
Goodwill	<u>2,223,656</u>
<b>Consideration</b>	
Satisfied by:	
Cash consideration	1,750,403
Share issue	630,000
Professional fees incurred on acquisition	92,613
	<u>2,473,016</u>

The cash consideration above was part satisfied by the issue of deferred loan notes 2002/2003. Further information concerning these loan notes is given in notes 14 and 15 to the financial statements.

The company has recorded the cost of investment at the fair value of the consideration plus the costs directly associated with the acquisition in accordance with FRS 7.

**RITCHEY TAGG LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR 30 ENDED JUNE 2002**

12. Stocks	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Raw materials and consumables	52,557	47,146	52,557	47,146
Finished goods and goods for resale	742,967	593,710	578,832	593,710
	<u>795,524</u>	<u>640,856</u>	<u>631,389</u>	<u>640,856</u>

13. Debtors	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	1,133,304	786,616	1,010,086	786,616
Other debtors	45,750	17,087	26,983	17,087
Prepayments and accrued income	55,660	105,678	55,660	105,678
	<u>1,234,714</u>	<u>909,381</u>	<u>1,092,729</u>	<u>909,381</u>

14. Creditors: amounts falling due within one year	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank overdraft	26,650	53,041	26,650	53,041
Net obligations under finance lease	-	413	-	413
Trade creditors	302,444	131,512	277,281	131,512
Corporation tax	464,795	267,850	352,689	267,850
Other taxes and social security costs	170,097	131,478	154,774	131,478
Deferred consideration (note 15)	482,793	-	482,793	-
Accruals and deferred income	442,196	417,520	376,173	417,520
Dividends payable	168,014	148,574	168,014	148,574
	<u>2,056,989</u>	<u>1,150,388</u>	<u>1,838,374</u>	<u>1,150,388</u>

The bank overdraft is secured by a debenture over the group's assets. The obligations under finance leases are secured on the assets concerned.

15. Creditors: amounts falling due after one year	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Deferred consideration	43,860	-	43,860	-
	<u>43,860</u>	<u>-</u>	<u>43,860</u>	<u>-</u>

The deferred consideration totalling £526,653 relates to the acquisition of Fearing International (Stock Aids) Limited and is in the form of unsecured loan notes 2002/2003 which carry interest at the rate of 3.25%. Of this amount £440,000 is bank guaranteed.

**RITCHEY TAGG LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2002**

**16. Provisions for liabilities and charges  
Deferred taxation**

	<b>Group</b>	<b>Company</b>
	<b>£</b>	<b>£</b>
Balance at 1 July 2001	54,374	42,700
Capital allowances	921	(2,300)
Other timing differences	19,800	19,800
Balance at 30 June 2002	<u>75,095</u>	<u>60,200</u>

Deferred taxation provided in the financial statements is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Fully provided</b>		<b>Fully provided</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	75,095	62,500	60,200	62,500
Other timing differences	-	(19,800)	-	(19,800)
	<u>75,095</u>	<u>42,700</u>	<u>60,200</u>	<u>42,700</u>

**17. Pension costs**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension costs charge represents contributions payable by the group to the fund and amounted to £63,872 (2001 - £60,153). Contributions totalling £- (2001 - £2,460) were payable to the fund at the year end and are included in creditors.

**18. Share capital**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
Ordinary shares of £1 each	560,000	560,000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	518,563	458,563

During the year 60,000 ordinary shares of £1 each were issued at a value of £10.50 each as part satisfaction for the purchase of Fearing International (Stock Aids) Limited.

**19. Statement of movement on reserves**

	<b>Other reserves</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Balance at 1 July 2001	329,854	1,639,397
Retained profit for the year	-	740,024
Premium on shares issued	570,000	-
Balance at 30 June 2002	<u>899,854</u>	<u>2,379,421</u>

**RITCHEY TAGG LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2002**

**19. Statement of movement on reserves (continued)**

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance at 1 July 2001	329,554	300	1,639,397
Retained profit for the year	-	-	661,824
Premium on shares issued during the year	570,000	-	-
Balance at 30 June 2002	<u>899,554</u>	<u>300</u>	<u>2,301,221</u>

**20. Reconciliation of movements in shareholders' funds**

Group	2002 £	2001 £
Profit for the financial year	908,038	591,998
Dividends	(168,014)	(148,574)
	<u>740,024</u>	<u>443,424</u>
Proceeds from issue of shares	630,000	-
Net addition to shareholders' funds	<u>1,370,024</u>	<u>443,424</u>
Opening shareholders' funds	2,427,814	1,984,390
Closing shareholders' funds	<u>3,797,838</u>	<u>2,427,814</u>
<b>Company</b>		
Profit for the financial year	829,838	591,998
Dividends	(168,014)	(148,574)
	<u>661,824</u>	<u>443,424</u>
Proceeds from issue of shares	630,000	-
Net addition to shareholders' funds	<u>1,291,824</u>	<u>443,424</u>
Opening shareholders' funds	2,427,814	1,984,390
Closing shareholders' funds	<u>3,719,638</u>	<u>2,427,814</u>

**21. Contingent liabilities**

**Company**

The company has given a cross guarantee in favour of the bank to secure the liability to the bank of the company and its subsidiary undertaking.

**RITCHEY TAGG LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2002**

**22. Financial commitments**

At 30 June 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002	2001
	£	£
Expiry date:		
Within one year	16,979	9,491
Between two and five years	30,049	24,958
	<u>47,028</u>	<u>34,449</u>

**23. Directors emoluments**

	2002	2001
	£	£
Emoluments for qualifying services	220,415	166,741
Company pension contributions to money purchase schemes	34,735	33,291
	<u>255,150</u>	<u>200,032</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounts to 3 (2001: 3).

	2002	2001
	£	£
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	79,057	63,959
Company pension contributions to money purchase schemes	11,078	12,935
	<u>90,135</u>	<u>76,894</u>

**24. Employees**

**Number of employees**

The average monthly number of employees (including directors) during the year was:

	2002	2001
	Number	Number
Production	33	30
Selling and administration	47	42
	<u>80</u>	<u>72</u>

RITCHEY TAGG LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2002

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24. Employees (*continued*)

Employment costs	£	£
Wages and salaries	1,573,283	1,123,561
Social security costs	129,374	93,813
Other pension costs	63,872	60,153
	<u>1,766,529</u>	<u>1,277,527</u>
	=====	=====