connecting with consumers™

COUTTS
C.A.COUTTS HOLDINGS PLC

There is a growing group of consumers for whom luxury is a state of mind not a price tag. They pay a premium for the emotional qualities of a brand. They need nothing yet want everything.
The retail experience needs to be taken increasingly into account within the consumer process.

The Design Council

C.A. Coutts Holdings plc is the parent company of Coutts Retail Communications and other Group companies whose core activity is to meet the in-store marketing objectives of world class brands and retailers.

The Group also has a Packaging division which provides creative solutions in retail and transit packaging to a wide variety of household names.

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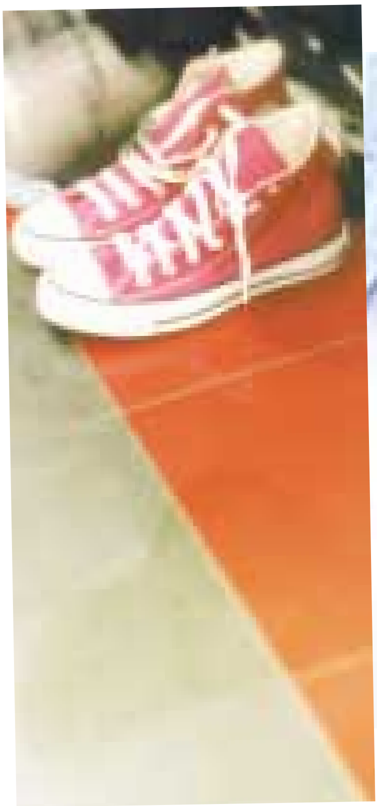


Britain is the home of design. I have great admiration for British design and its history. It's the richest in the world.

Alberto Alessi

Retail Communications division

Coutts Retail Communications is an international organisation that helps world class brands and retailers to achieve business success through creative in-store marketing.

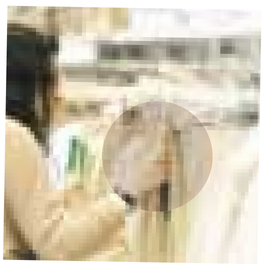
Our commitment to retail communications is demonstrated by our ability to align brand and consumer requirements through the most effective and appropriate marketing strategies.

Whether at brand, category or full retail environment level, our multi-disciplined approach is applied at every stage of the communication process.

Each business in the division has its own area of retail expertise and the collective objective is to develop, strengthen and maximise brand communication at the point of purchase.

Yeo Street Studio Violet Road London E3 3QL






Design agencies – UK

COUTTS DESIGN

A retail design and strategy practice working with blue chip brands and retailers to design, develop and assess in-store environments and displays. Client projects include strategic and design-led permanent point of purchase, category design, shop in shop, concession design and implementation and full retail environment design and project management.

Mews End Studios Ledbury Mews North London W11 2AF

PLAY

A specialist agency for the entertainment industry in domestic and continental European markets. Creating and managing integrated campaigns in the film, video, DVD, music, software and publishing sectors. Play is based in Soho, in the heart of the entertainment capital. Play now incorporates the M3D brand.

6-7 Fareham St London W1D 3BD

BRAVO DESIGN CONSULTANCY

A leading graphic design consultancy offering a broad range of services to a wide variety of clients. Full creative service includes corporate literature, identity, stationery, multi-media, web design, packaging, publications, direct mail, advertising and ensuring 2D graphics excellence in point of purchase and retail environment projects.

Mews End Studios Ledbury Mews North London W11 2AF

Design and production – Europe

COUTTS RETAIL ADVERTISING

The market leader in design, development, manufacture and distribution of short cycle promotional point of purchase merchandising for a host of leading brands and retailers. Specialising in the in-store support of new product or brand launches, promotional POP, merchandising, 'featuring' and distribution building activities. The Bannerman brand has been merged into this business.

Yeo Street Studio Violet Road London E3 3QL

COUTTS ARKEN

A specialist in the design and manufacture of permanent point of purchase displays. Providing bespoke display solutions along with a comprehensive range of standard POP systems including poster frames, lightboxes, signage and shelving systems for the UK and international markets.

Studlands Park Avenue Newmarket Suffolk CB8 7EA

COUTTS EDDAG DISPLAY

A multi-discipline point of purchase design, production and distribution business based in the Netherlands. Skilled in the production and distribution of pan-European campaigns.

Radeweg 29 8171 MD Vaassen The Netherlands

COUTTS DISPLAY

A multi-discipline point of purchase business located in Germany with complementary skills to Coutts Eddag Display.

Siemensstrasse 31 47533 Kleve Germany

Packaging division

COUTTS PACKAGING AND ESSEX CORRUGATED

The Packaging division consists of two businesses, Coutts Packaging and Essex Corrugated.

Coutts Packaging specialises in providing retail packaging solutions through innovative design and manufacturing expertise, while Essex Corrugated is a cost effective manufacturer of corrugated transit packaging. Both businesses operate from well equipped, modern factories and also provide a valuable complementary production resource for Coutts Retail Communications.

Brunel Road Manor Trading Estate Benfleet Essex SS7 4PS

Some of our clients

Coutts Retail Communications are an integral part of our business. They are key to maintaining our leading-edge instore as No.1 brand in childrens entertainment.

Katie Frame, Disney

BRAUN Oral-B

Laurent-Perrier

MARKS & SPENCER

Microsoft

L'ORÉAL PARIS

Hasbro

PP PRETTY POLLY

Johnson & Johnson

Wall's

ASDA

sky

BBC

VIRGIN VIE

Sainsbury's

Argos

Red Bull STIMULATION

DURACELL

LAURA ASHLEY

TESCO

TATE & LYLE

CASIO

Chairman's statement

I am pleased to report our trading results for 2001.

Turnover was £38.26 million and operating profit was £0.87 million.

There were no acquisitions or disposals of businesses during the year allowing us to concentrate on strengthening our existing operations in the UK and continental Europe.

Cash generation was strong with net debt at the year end £5.95 million and gearing reduced to 56%.
The directors recommend an unchanged final dividend of 3.0p per share making a total of 4.15p per share for the year.

The exceptional items relate to a profit on the sale of a property and a charge in respect of terminating discontinued activities.

Developments

Retail Communications division

Trading in our UK business was good although year end trading was quieter than anticipated with a number of large promotional campaigns at **Coutts Retail Advertising** curtailed in the light of world events.

It is especially pleasing to report a profitable year for **Coutts Arken Display** after a very poor year in 2000.

Our UK design businesses all performed satisfactorily with the division's manufacturing businesses benefiting from referrals and cross selling. A number of significant design pitches were won, resulting in ongoing manufacturing contracts for the rest of the division.

In continental Europe, the performance of **Coutts Eddag Display** improved in the second half but the overall outcome was still poor, mainly as a result of lack of sales. Steps have been taken to address this position and we hope to report a better result for 2002. The recently formed business in Germany, **Coutts Display**, performed in line with expectations.

Packaging division

The Packaging division again recorded a satisfactory result in demanding markets.

The most significant development was the centralisation of our two packaging businesses, **Essex Corrugated** and **Coutts Packaging** into our Essex based factories at the year end. This involved the sales, design and administrative functions of **Coutts Packaging** moving out of the East London offices and factory, which they had previously shared with Coutts Retail Advertising. Simultaneously the Packaging division occupied the Group's South Woodham Ferrers site for its own packing and fulfilment operations. Although this re-organisation has not been without cost, the result has been that our Packaging division now operates as a stand alone business from a more efficient, lower overhead cost base. The key supply relationship still exists with the Retail Communications division, but the Packaging division is now more focused on its own growth opportunities.

I am pleased to report that we have been rewarded with excellent trading in January and February.

Prospects

Both divisions now operate with increased autonomy although intra-Group trading synergies remain strong. We expect this new independence to stimulate renewed growth as each division focuses on its different markets and opportunities, with resulting benefits for shareholders.

Robert Essex
Chairman
25 March 2002

Operating results

Turnover for the year was £38.26 million, a reduction of 6% from the prior year continuing business. In Retail Communications the design and permanent display operations in the UK performed well but a lower turnover in promotional display and continental European operations caused a reduction for the division. Packaging division turnover was maintained at prior year levels.

Improved gross margins in both divisions reflect the continued growth in design services and resulted in an overall margin of 45.6% compared with 43.3% for 2000.

Operating profit was £0.87 million compared with £1.19 million in 2000. Some rationalisation of the overhead base was implemented and expensed at the end of the year to improve the operating margin going forward.

Exceptional items

There are two exceptional items which both relate to the Alltek Precision Plastics operation which was discontinued in December 2000. The sale of the former Alltek property gave rise to an exceptional profit of £0.27 million. The estimated exceptional cost of terminating the Alltek Precision Plastics operation has been revised upwards by £0.40 million, mostly as a result of actuarial advice which indicated that the defined benefit pension scheme had a larger deficit when the operation was discontinued than had previously been estimated.

Profit before tax

Net interest payable decreased to £0.53 million from £0.66 million in 2000 reflecting a 22% reduction in net debt over the year. Profit before tax increased to £0.21 million from £0.03 million in 2000.

Earnings

The taxation charge was £0.32 million, a high effective rate mainly caused by exceptional costs charged to the profit and loss account but which may not be deductible for corporation tax and overseas losses which cannot be offset against UK generated profits.

The resulting loss after tax was £111,000 compared with £114,000 in 2000. Minority interests of £123,000 were in respect of losses in Coutts Eddag Display not attributable to the Group.

Earnings per share excluding amortisation of goodwill and exceptional items were 1.5p compared with 3.0p in 2000. Basic earnings per share were 0.1p compared with a loss per share of 1.0p in 2000. Dilutive share options were insignificant so did not affect the earnings per share for the year nor in 2000.

Dividends

An interim dividend of 1.15p per share was paid in October and a final dividend of 3.0p per share has been proposed by the board for payment on 22 May 2002. This brings the total dividend per share for the year to 4.15p, the same as for 2000.

Cash flow and net debt

Cash inflow from operating activities was strong at £2.52 million making this the fifth successive year in which cash inflow from operating activities has exceeded £2 million. The net cash inflow in the year was £0.28 million compared with an outflow of £0.07 million in 2000.

Capital expenditure was reduced to £0.35 million, significantly below the annual depreciation charge of £1.20 million. Cash proceeds from the sale of the former Alltek property were £0.70 million.

Repayment of debt was £1.37 million which, combined with a reduction in overdrafts, reduced net debt to £5.95 million resulting in gearing of 56% compared with 68% in 2000.

Treasury

The Group finances its operations through shareholders' funds, bank and finance lease borrowings, and working capital management.

Accounting standards

The Group has made the transitional disclosures required by FRS 17 but has not adopted the standard early. There is no significant impact on the financial statements arising from new financial reporting standards.

Graeme Harris

Finance Director
25 March 2002

Directors

Executive directors

Robert Essex (41)
is Group Chairman. He became Managing Director in 1988 and Chairman in 1999. He oversees all aspects of the Group's operations and is responsible for the design and implementation of corporate strategy.

Stuart Alexander (53)
is Group Deputy Chairman. He is a Chartered Accountant who worked for Lucas Industries and BOC before joining Coutts as Finance Director in 1988.

Christopher Cahn (43)
is Group Chief Operating Officer and responsible for the Packaging division. He joined the Group in 1986 following six years at Reed Corrugated Cases (now SCA Packaging).

Graeme Harris (35)
is Group Finance Director. He is a Chartered Accountant who worked for Ernst & Young before joining Coutts as Group Financial Controller in 1996.

Anthony Smith (45)
is Group Production and Quality Director. He joined the Group in 1989 and is also responsible for personnel and health and safety policies throughout the Group.

Non-executive directors

Henry Cubbon (42)
is currently Office Sector Director of the Antalis Group, the distribution division of Arjo Wiggins Appleton PLC, where he is responsible for developing their office products business across Europe. He is Chairman of the Audit Committee.

Norman Essex (80)
was Chairman of Coutts until April 1999. He is Chairman of the Remuneration Committee.

William Whitehorn (42)
is currently Brand Development and Corporate Affairs Director of the Virgin Group of companies. He joined Virgin in 1987 and in addition to his Brand Development and Corporate Affairs role, he is a director of a number of Virgin companies including Virgin Group Ltd, Virgin Rail Group Ltd, Virgin.com Ltd and Virgin Mobile (UK) Ltd.

The directors have pleasure in submitting their annual report and the audited financial statements of the Group for the year ended 29 December 2001.

Principal activities

The principal activities of the Group are the design and manufacture of in-store merchandising solutions and packaging.

Review of the business

The Group operating profit for the year was £0.87 million compared with £1.19 million in 2000.

The freehold premises which had belonged to Coutts (formerly Alltek) Precision Plastics Ltd were sold at a profit, net of expenses but before taxation of £0.27 million. Revisions to the estimated costs of terminating the Alltek operations, which were discontinued in December 2000 resulted in an exceptional charge of £0.40 million. After interest, taxation and minority interests the result was a profit for the Company's shareholders of £12,000 compared with a loss in 2000 of £131,000.

The directors recommend a final dividend of 3.0p per share payable on 22 May 2002 to shareholders on the register at close of business on 26 April 2002. Together with the interim dividend of 1.15p per share this makes a total of £0.52 million for the year, unchanged from 2000. The Company's Employee Share Option Plan has waived all dividends on its 284,652 shares.

On 3 April 2001, the Company's wholly-owned subsidiary undertaking Arken Display Solutions Ltd changed its name to Coutts Arken Display Ltd.

Further comments on the business and future developments are given in the Chairman's Statement and the Financial Review.

Share capital

During the year, 9,900 ordinary shares were issued as a result of options under the executive scheme being exercised at 36.7p each

On 4 July 2001, 460,000 options were granted under the 1996 Executive Share Option Scheme at an exercise price of 92.5p per share. The exercise period is from 4 July 2004 to 3 July 2011.

On 2 November 2001, 200,186 options were granted under the savings related sharesave scheme which may be exercised at 63.2p per share between 1 February 2005 and 31 July 2005.




Directors and their interests

The directors at 29 December 2001 and their interests in the share capital of the Company were as follows:

	Ordinary shares of 20p each held in the Company	
	2001	2000
R .T.T. Essex	**1,105,168**	1,105,168
N. A. Essex	**1,457,000**	1,437,000
C. S. Alexander	**306,735**	306,735
C. C. Cahn	**204,457**	204,457
J. H. Cubbon	**16,000**	16,000
G. R. Harris	**6,000**	6,000
A. M. Smith	**86,461**	86,461
W. E. Whitehorn	**8,700**	8,700

On his appointment on 8 January 2001, G. R. Harris held 6,000 shares.
Details of directors' share options are shown in the report of the Remuneration Committee.

No options were granted by subsidiary undertakings during the year.

J. R. Penn retired as a director on 25 April 2001.

C. C. Cahn and A. M. Smith retire by rotation and being eligible offer themselves for re-election.

Substantial shareholdings

Excluding directors of the Company whose shareholdings are shown opposite, the following had an interest of 3% or more in the share capital of the Company as at 19 March 2002.

Close Finsbury Asset Management	1,228,571
Singer and Friedlander	1,212,930
Merrill Lynch Investment Management	654,804
Friends Ivory and Sime	635,000
C. E. O. Essex	410,000
W. A. W. Essex	384,935

Employees

The Group's policy with regard to the employment, training and career development of disabled persons is to give fair consideration to the suitability of a disabled applicant or employee for any vacancy or opportunity.

The Group continues to keep employees informed on matters affecting them and to report trading results to them twice a year.

A savings-related share option scheme and profit related pay schemes are operated to encourage employees' involvement in the performance of the Group. The Group has taken advantage of the exemption under UITF17 in accounting for the savings-related share option scheme.

Political and charitable donations

During this and last year the Group made charitable donations amounting to less than £200 and no political donations.

Financial instruments

The Group's principal financial instruments comprise bank loans, finance leases and cash. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial instruments, such as trade debtors and trade creditors that arise directly from its operations. The Group has taken advantage of the exemptions in FRS 13 not to provide numerical disclosures in respect of these.

The main risks arising from the Group's financial instruments are interest rate risk, currency risk and liquidity risk. The interest rate risk is managed by balancing fixed and floating rate borrowings. The majority of the Group's trade is in sterling, but, where a specific transaction gives rise to a significant currency risk, this is managed by the use of a forward contract. The liquidity risk is controlled by ensuring the mix of borrowings between short and long term results in manageable levels of repayment.

Corporate governance

The directors hold regular Board meetings at which Group health and safety and finance reports are considered. The Board is responsible for reviewing and approving Group strategy, budgets and plans, major items of capital expenditure and possible acquisitions and divestments.

The Board has established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities.

J. H. Cubbon, a non-executive director, is Chairman of the Audit Committee. On 7 February 2001, N. A. Essex retired from the Audit Committee and C. S. Alexander was appointed in his place. The Audit Committee meets at least twice each year and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on, for meeting the auditors and reviewing reports from the auditors relating to accounts and internal control systems. The Audit Committee has decided that, although not required to comply with the Turnbull Report, being an AIM listed company, a limited risk management programme is to be introduced during 2002.

The Remuneration Committee consists of N. A. Essex and J. H. Cubbon, both non-executive directors who served throughout the year. The Remuneration Committee reviews the performance of the executive directors, sets the scale and structure of their remuneration and reviews the basis for their service agreements with due regard to the interests of shareholders.

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 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 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The directors, having made appropriate enquiries, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis for preparing the financial statements.

Policy on the payment of creditors

Terms of payment are agreed with suppliers at the commencement of the Group's trading with them and are abided by thereafter by the Group. At 29 December 2001 (and at December 2000), 76 days purchases remained outstanding.

Post balance sheet event

On 18 March 2002 the Company passed a resolution to liquidate Coutts Precision Plastics Ltd which discontinued its activities in December 2000.

AGM Resolutions

Explanatory notes relating to resolutions 6, 7 and 8.

Resolution 6 - authority to allot shares

Under the Companies Act 1985, the directors of a company may only allot unissued shares if authorised to do so by the shareholders in general meeting. Resolution 6 authorises the directors to allot shares up to an aggregate nominal amount of £635,345.

This represents 3,176,725 ordinary shares of 20p each and is equivalent to approximately 25% of the Company's current issued ordinary share capital. The authority will expire on whichever is the earlier to occur of 29 July 2003 and the conclusion of the next annual general meeting of the Company after the passing of the resolution.

Except in relation to the issue of the ordinary shares arising from the exercise of options under the Company's employee share option schemes, the directors have no present intention of issuing any of the authorised but unissued shares of the Company.

Resolution 7 - limited authority to allot shares for cash

The directors may only allot shares for cash to persons who are not already shareholders in the Company if authorised to do so by the shareholders in general meeting.

This resolution seeks authority for the directors to allot shares for cash without first offering them to existing members up to an aggregate nominal amount of £128,232. This sum represents 641,160 ordinary shares of 20p each, being equivalent to approximately 5% of the current issued share capital. The directors will use such authority in the circumstances where it is in the best interest of the Company to issue small amounts of shares other than to existing shareholders.

The resolution also enables the directors to modify the strict requirements for a rights issue in circumstances where they consider it necessary or expedient.

The authority will expire on whichever is the earlier of 29 July 2003 and the conclusion of the next annual general meeting of the Company after the passing of the resolution.

Resolution 8 - purchase of the Company's own shares
This resolution seeks authority from shareholders for the Company to purchase up to 1,282,327 ordinary shares, an aggregate nominal amount of £256,465 which is equivalent to approximately 10% of the Company's issued ordinary share capital. The authority will expire at the end of next year's annual general meeting and the resolution specifies the maximum and minimum prices at which the shares may be bought. Other investment opportunities, appropriate gearing levels and the overall financial position of the Company will be taken into account before deciding upon this course of action. Any shares purchased in this way will be cancelled and the number of shares in issue will accordingly be reduced. The Board has no immediate intention of exercising the proposed authority when it becomes effective, but believes that the ability of the Company to buy its own shares when, in the Board's opinion, market prices do not reflect the Company's worth, will be in the best interests of the Company and its shareholders. The directors intend to exercise this power only when they believe the effect of such purchases will increase earnings per ordinary share.

Auditors

On 28 June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000.

In the circumstances specified in paragraph (a) Section 26 (5) Companies Act 1989, the Company consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

A resolution proposing the re-appointment of Ernst & Young LLP as Registered Auditors to the Company will be put to the members at the annual general meeting.

By order of the Board.

Stuart Alexander
Secretary
25 March 2002

Remuneration Committee

The Remuneration Committee comprises two of the non-executive directors:
N.A. Essex *Chairman*
J.H. Cubbon

Role

The Remuneration Committee considers and approves on behalf of the board and the shareholders the conditions of service of the Chairman and directors.

Best practice

The Company complied, as far as it applied to the Company's listing on the Alternative Investment Market, throughout the period with Section A of the best practice provisions on directors' remuneration annexed to the London Stock Exchange listing rules. In forming its remuneration policy, the committee has also given full consideration to all of the matters referred to under Section B of the best practice provisions.

Remuneration policy

The objective is to provide remuneration packages with which to attract, retain and motivate the highest calibre executive directors and which are in the best interests of the shareholders.

Incentive scheme

Executive directors participate in a Directors' Incentive Scheme. The Directors' Incentive Scheme is renewable on an annual basis and in 2002 operates after 10% has been earned on the capital employed. The division amongst executive directors of any amount earned under the Scheme is decided by the Remuneration Committee in consultation with the Chairman.

Share options

The Remuneration Committee considers share options to be a valuable incentive to directors and other employees. In addition to an executive share option scheme, a savings-related share option scheme is in operation which has proved popular with a wide membership in the Group.

Benefits in kind

Executive directors are provided with a motor car or a cash alternative and medical health insurance.

Service agreements

No director has a contract which cannot be terminated by twelve months' notice or less.

Directors' remuneration

	Salary/fees £000	Bonus £000	Benefits £000	Pension contributions £000	Total 2001 £000	Total 2000 £000
R.T.T. Essex	**120**	**–**	**10**	**7**	**137**	121
C.S. Alexander	**96**	**1**	**12**	**6**	**115**	108
C.C. Cahn	**115**	**23**	**1**	**7**	**146**	107
G.R. Harris	**77**	**–**	**1**	**4**	**82**	–
A.M. Smith	**67**	**1**	**4**	**4**	**76**	75
J.H. Cubbon	**10**	**–**	**–**	**–**	**10**	9
N.A. Essex	**30**	**–**	**–**	**–**	**30**	30
J.R. Penn	**17**	**–**	**4**	**–**	**21**	42
W.E.Whitehorn	**13**	**–**	**–**	**–**	**13**	13
P.C. Bell	**–**	**–**	**–**	**–**	**–**	33
	545	**25**	**32**	**28**	**630**	538

Pension contributions on behalf of directors amounted to £25,000 in 2000. All pension contributions relate to money purchase schemes.

Directors' share options

The Company's 1996 Executive Share Option Scheme consists of two parts, an Inland Revenue approved part for the grant of income tax favoured options and a non-approved part for the grant of non-income tax favoured options. Options granted under this Executive Scheme are exercisable subject to the average annual percentage increase in the earnings per share over a period of three consecutive financial years of the Company being at least 2% per annum plus the average of the percentage increases in the Index of Retail Prices of the United Kingdom during each of the same three years.

The company operates a savings related share option scheme approved by the Inland Revenue.

	Scheme (See below)	At 31 December 2000	Granted in the year	At 29 December 2001
C.C. Cahn	(1)	60,000	–	60,000
	(4)	–	15,000	15,000
		60,000	15,000	75,000
G.R. Harris	(2)	7,000	–	7,000
	(3)	15,000	–	15,000
	(4)	–	28,000	28,000
	(5)	1,291	–	1,291
	(6)	–	3,607	3,607
		23,291	31,607	54,898
A.M. Smith	(1)	30,000	–	30,000
		30,000	–	30,000

Scheme	Scheme Type	Year of Grant	Exercise price pence	Exercisable from	Exercisable to
(1)	Executive	1996	105.0	2 May 1999	1 May 1996
(2)	Executive	2000	110.0	19 May 2003	18 May 2010
(3)	Executive	2000	100.0	29 September 2003	28 September 2010
(4)	Executive	2001	92.5	4 July 2004	3 July 2011
(5)	Savings related	1999	120.0	1 January 2003	30 June 2003
(6)	Savings related	2001	63.2	1 February 2005	31 July 2005

None of the Company's directors held any shares or options in any of the subsidiary undertakings at 30 December 2000.

Report of the auditors to the shareholders of C.A. Coutts Holdings plc

We have audited the financial statements for the year ended 29 December 2001, which comprise the Group's profit and loss account, the Group's statement of total recognised gains and losses, the Group's and Company's balance sheet, Group's cash flow statement and the related notes 1 to 30. These financial statements have been prepared on the basis of 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 United Kingdom law and 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 Group is not disclosed.

We read other information in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. This other information comprises the Chairman's statement, the financial review and the report of the Remuneration Committee. Our responsibilities do not extend to any other information.

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 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 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 affairs of the Company and the Group as at 29 December 2001 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
London
25 March 2002

Group profit and loss account for the year ended 29 December 2001

	Note	2001 £000	2000 £000
Turnover	2	**38,260**	42,908
Cost of sales		**(20,823)**	(24,332)
Gross profit		**17,437**	18,576
Operating expenses	3	**(16,572)**	(17,387)
Operating profit	3	**865**	1,189
Profit on sale of properties	4	**274**	–
Exceptional charge on termination of discontinued operations	4	**(395)**	(504)
Profit on ordinary activities before interest		**744**	685
Net interest payable	5	**(534)**	(660)
Profit on ordinary activities before taxation		**210**	25
Taxation on profit on ordinary activities	7	**(321)**	(139)
Loss on ordinary activities after taxation		**(111)**	(114)
Minority interests	30	**123**	(17)
Earnings available for ordinary shareholders		**12**	(131)
Dividends	9	**(520)**	(520)
Retained loss for the financial year	23	**(508)**	(651)
Earnings per share excluding goodwill amortisation and exceptional items	10	**1.5p**	3.0p
Basic earnings/(loss) per share	10	**0.1p**	(1.0p)
Diluted earnings/(loss) per share	10	**0.1p**	(1.0p)

Financial years

The 2001 financial year covers the 52 week period ended 29 December 2001

The 2000 financial year covers the 52 week period ended 30 December 2000

Statement of total recognised gains and losses for the year ended 29 December 2001

	2001 **£000**	2000 £000
Profit/(loss) for the financial year	**12**	(131)
Currency exchange loss on retranslation of net assets of subsidiary	**(6)**	–
Total recognised gains/(losses) for the year	**6**	(131)

Reconciliation of movement in shareholders' funds for the year ended 29 December 2001

	2001 **£000**	2000 £000
Loss on ordinary activities after taxation	**(111)**	(114)
Minority interests	**123**	(17)
Dividends	**(520)**	(520)
Issue of ordinary share capital net of expenses	**4**	1
Currency exchange loss	**(6)**	–
Net change to shareholders' funds	**(510)**	(650)
Opening equity shareholders' funds	**11,075**	11,725
Closing equity shareholders' funds	**10,565**	11,075

Group balance sheet at 29 December 2001

	Note	2001 £000	2001 £000	2000 £000	2000 £000
Fixed assets					
Goodwill	11		**608**		642
Tangible assets	12		**13,561**		14,883
Investments	13		**419**		419
			14,588		15,944
Current assets					
Stocks	14	**1,542**		1,613	
Debtors	15	**9,477**		11,191	
Cash		**431**		684	
		11,450		13,488	
Creditors: amounts falling due within one year	16	**(11,058)**		(12,579)	
Net current assets			**392**		909
Total assets less current liabilities			**14,980**		16,853
Creditors: amounts falling due after more than one year	17		**(3,875)**		(5,342)
Provisions for liabilities and charges	21		**(478)**		(250)
			10,627		11,261
Capital and reserves					
Called up share capital	22		**2,564**		2,562
Share premium account	23		**2,912**		2,910
Merger reserve	23		**990**		990
Profit and loss account	23		**4,099**		4,613
Shareholders' funds			**10,565**		11,075
Minority interests	30		**62**		186
			10,627		11,261

Approved by the Board on 25 March 2002
and signed on its behalf

Robert Essex Chairman
Graeme Harris Finance Director

Company balance sheet at 29 December 2001

	Note	2001 £000	2001 £000	2000 £000	2000 £000
Fixed assets					
Tangible assets	12		**6**		8
Investments	13		**19,555**		20,342
			19,561		20,350
Current assets					
Debtors	15	**1,809**		2,185	
Cash		**102**		–	
		1,911		2,185	
Creditors: amounts falling due within one year	16	**(6,816)**		(6,317)	
Net current liabilities			**(4,905)**		(4,132)
Total assets less current liabilities			**14,656**		16,218
Creditors: amounts falling due after more than one year	17		**(600)**		(900)
			14,056		15,318
Capital and reserves					
Called up share capital	22		**2,564**		2,562
Share premium account	23		**2,912**		2,910
Merger reserve	23		**990**		990
Profit and loss account	23		**7,590**		8,856
Shareholders' funds			**14,056**		15,318

Approved by the Board on 25 March 2002
and signed on its behalf

Robert Essex Chairman
Graeme Harris Finance Director

Group cash flow statement for the year ended 29 December 2001

	Note	**2001 £000**	2000 £000
Cash flow from operating activities	24	**2,527**	2,356
Returns on investments and servicing of finance	25	**(513)**	(663)
Taxation		**(234)**	(131)
Capital expenditure and financial investment	25	**386**	(1,053)
Acquisitions and disposals	25	**–**	847
Equity dividends paid		**(520)**	(525)
Cash inflow before financing		**1,646**	831
Financing	25	**(1,369)**	(905)
Increase/(decrease) in cash		**277**	(74)

Reconciliation of net cash flow to movement in net debt for the year ended 29 December 2001

	Note	**2001 £000**	2000 £000
Increase/(decrease) in cash		**277**	(74)
Cash flow from decrease in debt and lease financing		**1,373**	906
Change in net debt resulting from cash flows		**1,650**	832
New finance leases		**–**	(300)
Loans and finance leases acquired with subsidiaries		**–**	(1,236)
Finance leases disposed on discontinued operations		**–**	72
Currency translation difference		**13**	–
Movement in net debt in the year		**1,663**	(632)
Opening net debt	26	**(7,610)**	(6,978)
Closing net debt	26	**(5,947)**	(7,610)

1. Accounting policies

Basis of accounting

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

Basis of consolidation

The Group financial statements consolidate the accounts of the Company and all of its subsidiary undertakings.

The results of subsidiary undertakings acquired or disposed of during the period are included in the Group profit and loss account from the date of their acquisition or up to the date of their disposal. No profit and loss account is presented for C.A. Coutts Holdings plc as permitted by Section 230 of the Companies Act 1985.

Goodwill

Goodwill represents the excess of the fair value attributed to investments in subsidiary undertakings over the fair value of the underlying net assets at the date of their acquisition. For acquisitions made on or after 28 December 1997 goodwill is capitalised as an intangible asset and amortised over its expected useful life, being 20 years unless stated otherwise. Goodwill arising on acquisitions in the year ended 27 December 1997 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by FRS10, the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Fixed Assets

The carrying values of all fixed assets are reviewed for impairment if circumstances indicate that the carrying values may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets which have been brought into use, other than freehold land. The rates are calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life on a straight line basis.

The principal annual rates are:	%
Freehold buildings	2
Long leasehold land and buildings	2
Plant and machinery	10–33
Fixtures and fittings	10–25

Short leasehold land and buildings are depreciated over the term of the lease.

1. Accounting policies continued

Finance and operating leases

Costs in respect of operating leases are charged in arriving at the operating profit on a straight line basis over the term of the lease. Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the capital outstanding. Assets held under finance leases are depreciated on the same basis as the equivalent owned assets.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes an appropriate allocation of overheads.

Deferred taxation

Provision is made on the liability method for the taxation effects arising from all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

Pensions

The cost of contributions paid to defined contribution pension schemes is charged to the profit and loss account in the year in which the contributions are payable.

The cost of contributions paid to defined benefit pension schemes is charged to the profit and loss account over the average expected service lives of the employees. Any significant differences between the actuarial valuation and the value of the assets in the scheme are charged or credited to the profit and loss account on a straight line basis over the average expected remaining service lives of current employees.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and all differences taken to the profit and loss account in the year in arriving at the operating result.

Income and expenditure of overseas subsidiaries are translated into sterling at the average rate of exchange for the year. Net assets of overseas subsidiaries are translated into sterling at the rate prevailing at the balance sheet date. Any resultant exchange differences are dealt with through reserves.

2. Segmental analysis

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of Value Added Tax.

The Group operates in two principal areas of activity, Retail Communications and Packaging. Turnover and operating profit/(loss) are analysed as follows:

	Turnover		*Operating profit/(loss)*	
	2001 £000	2000 £000	**2001 £000**	2000 £000
Retail Communications continuing	**22,688**	25,154	**692**	1,107
Retail Communications discontinued	**–**	2,373	**–**	(444)
Packaging	**15,572**	15,381	**173**	526
Total	**38,260**	42,908	**865**	1,189

Geographic analysis of turnover is as follows:

	By origin		*By destination*	
	2001 £000	2000 £000	**2001 £000**	2000 £000
United Kingdom	**37,102**	40,949	**34,885**	38,589
Other	**1,158**	1,959	**3,375**	4,319
	38,260	42,908	**38,260**	42,908

3. Operating profit

This is arrived at after charging	**2001 £000**	2000 £000
Amortisation of goodwill	**34**	43
Depreciation of fixed assets	**1,199**	1,326
Hire charges for plant, equipment and vehicles	**518**	515
Other operating leases	**199**	314
Auditors' remuneration		
For audit services	**74**	73
For non-audit services	**49**	15
	123	88
Operating expenses		
Distribution costs	**1,106**	1,175
Administrative expenses	**15,466**	16,212
	16,572	17,387

Directors' remuneration is set out in the report of the Remuneration Committee on pages 23 to 24.

An analysis of continuing and discontinued operations is as follows:

	Continuing 2001 £000	Continuing 2000 £000	Discontinued 2000 £000	Total 2000 £000
Turnover	**38,260**	40,535	2,373	42,908
Cost of sales	**(20,823)**	(22,913)	(1,419)	(24,332)
Gross profit	**17,437**	17,622	954	18,576
Operating Expenses	**(16,572)**	(15,989)	(1,398)	(17,387)
Operating profit/(loss)	**865**	1,633	(444)	1,189

4. Exceptional items

a) The property formerly occupied by the discontinued operations of Alltek Precision Plastics was sold for £700,000 realising an exceptional profit of £274,000

b) An exceptional charge arose from the revision of estimations of the cost of terminating operations of Alltek Precision Plastics in December 2000

	2001 £000	2000 £000
Pension costs	**296**	219
Stock valuation	**56**	–
Bad debts	**43**	–
Redundancy	**–**	156
Professional fees	**–**	46
Loss on sale of fixed assets	**–**	33
Other costs	**–**	50
	395	504

5. Net interest payable

	2001 £000	2000 £000
Interest on bank loans and overdrafts	**460**	540
Interest received on deposits	**(9)**	(8)
Bank interest charged to the profit and loss account	**451**	532
Finance charges on leases	**83**	128
	534	660

6. Staff costs

	2001 £000	2000 £000
Wages and salaries	**10,310**	11,677
Social security costs	**1,100**	1,178
Pension costs – defined contribution	**352**	344
	11,762	13,199

The average monthly number of persons employed by the Group during the year was as follows:	**2001 Number**	2000 Number
Management	**23**	33
Administration	**214**	229
Production	**260**	321
Total	**497**	583

7. Taxation

	2001 **£000**	2000 £000
UK Corporation tax on profit for the year	**383**	138
Overprovision for prior years	**(42)**	(22)
	341	116
Foreign tax on profit for the year	**(20)**	23
Taxation charge for the year	**321**	139

The high effective rate of tax was mainly caused by pension and other closure costs of Alltek Precision Plastics which have been charged to the profit and loss account but which may not be deductible for corporation tax and losses in overseas subsidiaries which cannot be offset against profits generated in the United Kingdom.

The net tax charge applicable to exceptional items was £26,000 (2000 tax credit £35,000)

If provision had been made for the potential amount of deferred taxation, the taxation charge would have been decreased by £80,000 (2000 £110,000)

8. Parent company result

	2001 **£000**	2000 £000
Loss on ordinary activities after taxation dealt with in the financial statements of the Company amounted to:	**(746)**	(274)

9. Dividends

	2001 **£000**	2000 £000
Ordinary interim paid 1.15p (2000 1.15p) per share	**144**	144
Ordinary final proposed 3.0p (2000 3.0p) per share	**376**	376
	520	520

10. Earnings per share

Earnings per share have been calculated by dividing the earnings available to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	2001 Earnings £000	**2001 Weighted average no. of shares 000**	**2001 Earnings per share pence**	2000 Earnings £000	2000 Weighted average no. of shares 000	2000 Earnings per share pence
a) Earnings per share excluding amortisation of goodwill and exceptional items	**193**	**12,534**	**1.5**	381	12,623	3.0
Exceptional charge net of tax	**(147)**	**–**	**–**	(469)	–	–
Amortisation of goodwill	**(34)**	**–**	**–**	(43)	–	–
b) Basic earnings per share	**12**	**12,534**	**0.1**	(131)	12,623	(1.0)
Effect of dilutive options	**–**	**7**		–	8	
c) Diluted earnings per share	**12**	**12,541**	**0.1**	(131)	12,631	(1.0)

11. Goodwill

	£000
Positive goodwill at 31 December 2000	714
Amortised in year	(38)
Positive goodwill at 29 December 2001	676
Negative goodwill at 31 December 2000	(72)
Amortised in year	4
Negative goodwill at 29 December 2001	(68)
Net goodwill at 29 December 2001	608

12. Tangible fixed assets

	Group				Company	
	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000	Office equipment £000	Total £000
Cost						
At 31 December 2000	10,721	6,147	2,246	19,114	16	16
Exchange differences	(19)	(2)	(1)	(22)	–	–
Additions	21	3	358	382	2	2
Disposals	(429)	(278)	(2)	(709)	–	–
At 29 December 2001	**10,294**	**5,870**	**2,601**	**18,765**	**18**	**18**
Depreciation						
At 31 December 2000	571	2,524	1,136	4,231	8	8
Exchange differences	(2)	(1)	(1)	(4)	–	–
Charged in year	185	648	366	1,199	4	4
Disposals	(17)	(204)	(1)	(222)	–	–
At 29 December 2001	**737**	**2,967**	**1,500**	**5,204**	**12**	**12**
Net book value						
At 31 December 2000	10,150	3,623	1,110	14,883	8	8
At 29 December 2001	**9,557**	**2,903**	**1,101**	**13,561**	**6**	**6**

The net book value of land and buildings comprises:

	Group	
	2001 £000	2000 £000
Freehold	**9,475**	10,055
Short leasehold	**81**	95
	9,556	10,150

Included in freehold land and buildings is an amount of £2,197,000 (2000 £2,364,000) relating to land which is not depreciated.

Included in plant and machinery are assets held under finance leases or hire purchase contracts as follows:

	Group	
	2001 £000	2000 £000
Net book value	**1,837**	1,945
Depreciation charge for year	**315**	248

13. Investments

Fixed asset investments at cost	Group Own shares £000	Company Own shares £000	Company Shares in subsidiaries £000	Company Total £000
At 31 December 2000	419	419	19,923	20,342
Write down in year	–	–	(787)	(787)
At 29 December 2001	**419**	**419**	**19,136**	**19,555**

a) The write down in the Company's investments relates to its investment in Coutts Precision Plastics (formerly named Alltek Precision Plastics).

b) Principal subsidiaries included in the Group financial statements and held at the end of the financial year are as follows:

Company name	*Principal activity*	*Equity %*	*Country of incorporation*
Coutts Arken Display Ltd	Permanent point of purchase displays	100%	England
Coutts Eddag Display BV	Permanent point of purchase displays	60%	Netherlands
Coutts Retail Communications Ltd	Retail design merchandising and advertising	100%	England
Essex Corrugated Containers Company Ltd	Corrugated fibreboard packaging	100%	England

c) The holding of own shares represents purchases by the C.A. Coutts Holdings plc Employees Trust, the Company's employee share ownership plan (ESOP). The shares are held for the purpose of funding certain liabilities under the Group's share option schemes. All administration costs of the ESOP are accounted for in the profit and loss account of the Company in the year they arise. At 29 December 2001 the ESOP owned 284,652 (2000 284,652) shares which had a nominal value of £56,930 (2000 £56,930) and a market value of £199,256 (2000 £241,954). Dividends on these shares have been waived.

14. Stocks

	Group **2001 £000**	Group 2000 £000	Company **2001 £000**	Company 2000 £000
Raw materials	**517**	683	**–**	–
Work in progress	**593**	565	**–**	–
Finished goods	**432**	365	**–**	–
	1,542	1,613	**–**	–

15. Debtors

	Group		Company	
	2001	2000	**2001**	2000
	£000	£000	**£000**	£000
Trade debtors	**8,864**	10,293	**–**	–
Other debtors	**154**	232	**14**	–
Prepayments and accrued income	**459**	645	**56**	100
Corporation tax prepayment	**–**	21	**50**	63
Group debtors	**–**	–	**1,689**	2,022
	9,477	11,191	**1,809**	2,185

16. Creditors: amounts falling due within one year

	Group		Company	
	2001	2000	**2001**	2000
	£000	£000	**£000**	£000
Bank overdraft	**1,197**	1,727	**–**	475
Current instalments due on bank loans	**909**	780	**300**	300
Trade creditors	**5,983**	6,642	**72**	65
Group creditors	**–**	–	**5,922**	4,906
Corporation tax	**66**	–	**–**	–
Other taxation and social security costs	**958**	999	**42**	51
Accruals	**1,060**	1,302	**104**	144
Proposed dividend	**376**	376	**376**	376
Finance leases	**397**	445	**–**	–
Other creditors	**112**	308	**–**	–
	11,058	12,579	**6,816**	6,317

At the balance sheet date overdraft facilities amounting to £1,900,000 were secured on the Group's freehold land and buildings. In addition overdraft facilities amounting to £1,856,000 which were granted to subsidiary undertakings, are secured by debentures on all the assets of those subsidiary undertakings and guarantees amounting to £1,186,000 given by the Company.

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2001	2000	**2001**	2000
	£000	£000	**£000**	£000
Bank loans	**3,289**	4,369	**600**	900
Finance leases	**586**	973	**–**	–
	3,875	5,342	**600**	900

18. Loans

	Group		Company	
	2001	2000	**2001**	2000
	£000	£000	**£000**	£000
Payments due after more than five years	**1,072**	1,065	**–**	–
Payments due between two and five years	**1,316**	2,338	**300**	600
Payments due between one and two years	**901**	966	**300**	300
	3,289	4,369	**600**	900
Payments due within one year	**909**	780	**300**	300
	4,198	5,149	**900**	1,200

The loans are secured by legal mortgages on certain of the Group's freehold land and buildings.

19. Obligations under finance leases

	Group		Company	
	2001	2000	**2001**	2000
	£000	£000	**£000**	£000
Payments due after more than five years	**–**	20	**–**	–
Payments due between two and five years	**586**	953	**–**	–
	586	973	**–**	–
Payments due within one year	**397**	445	**–**	–
	983	1,418	**–**	–

Finance lease obligations are secured on the individual assets acquired under the agreements.

20. Financial instruments

Management policy in respect of financial instruments is set out in the directors' report. The financial assets and liabilities of the Group comprise cash at bank, bank loans, bank overdrafts and finance leases. The directors consider that the fair values and book values of these assets and liabilities, including those for the fixed rate borrowings, are not materially different.

Interest rate risk profile of financial liabilities

The interest rate profile of the financial liabilities of the Group was as follows:

	2001			2000		
	Fixed rate financial liabilities	***Floating rate financial liabilities***	***Total***	*Fixed rate financial liabilities*	*Floating rate financial liabilities*	*Total*
	£000	**£000**	**£000**	£000	£000	£000
Sterling	**653**	**4,648**	**5,301**	606	6,528	7,134
Euro	**–**	**1,077**	**1,077**	–	1,160	1,160
	653	**5,725**	**6,378**	606	7,688	8,294

The fixed rate financial liabilities comprise bank loans bearing an average interest rate of 9.1% (2000 8.6%) and an average period to maturity of 4.9 years (2000 5.9 years)

The floating rate financial liabilities comprise bank loans, overdrafts and finance leases that bear interest at a margin above bank base rates.

Financial assets

Financial assets comprise cash balances which earn interest at standard bank rates applicable at the time.

Currency exposures

Gains and losses arising from currency exposures from net investments overseas are recognised in the statement of total recognised gains and losses.

Bank Loans not wholly repayable within five years are as follows:

	2001	2000
	£000	£000
Fixed rate repayable in instalments 10.25%	**128**	146
Variable rate 2% above base repayable in instalments	**1,077**	1160
Fixed rate repayable in instalments 8.625%	**–**	606
Variable rate 1.25% above base repayable in instalments	**–**	713
Variable rate 1.5% above base repayable in instalments	**–**	574

At the balance sheet date there were no undrawn committed loan facilities.

At the balance sheet date overdraft facilities amounting to £3,756,000 had been granted to the Group. Overdraft facilities are renewable on an annual basis.

21. Provisions

	Deferred taxation £000	*Other provisions* £000	*Total* £000
Amounts provided			
At 31 December 2000	3	247	250
Utilised in year	–	(50)	–
Charge to profit and loss account	–	278	228
At 29 December 2001	**3**	**475**	**478**

(a) Deferred taxation
Deferred taxation provided for in the financial statements and the potential liability, including amounts for which provision has been made, are as follows:

	Provided for		Not provided for	
	2001 **£000**	2000 £000	**2001** **£000**	2000 £000
Capital allowances in advance of depreciation	**3**	3	**860**	534

(b) Other provisions
The provision relates to a pension fund shortfall in the discontinued operation of Alltek Precision Plastics and is based on an actuarial report. Further details can be found in note 29.

There was no deferred corporation tax nor other provision in respect of the Company at any time during the above two financial years.

22. Share capital

	Ordinary 20p shares Number	Ordinary 20p shares £000
Authorised		
At 31 December 2000 and 29 December 2001	**16,000,000**	**3,200**
Issued, called up and fully paid		
31 December 2000	12,813,376	2,562
Issued to satisfy executive options at 36.7p per share	9,900	2
At 29 December 2001	**12,823,276**	**2,564**

23. Reserves

	Share premium account £000	Merger reserve account £000	Profit and loss account £000	Total £000
Group				
At 31 December 2000	2,910	990	4,613	8,513
Retained loss for the year	–	–	(508)	(508)
Issue of ordinary shares	2	–	–	2
Currency exchange loss	–	–	(6)	(6)
At 29 December 2001	**2,912**	**990**	**4,099**	**8,001**
Company				
At 31 December 2000	2,910	990	8,856	12,756
Retained loss for the year	–	–	(1,266)	(1,266)
Issue of ordinary shares	2	–	–	2
At 29 December 2001	**2,912**	**990**	**7,590**	**11,492**

Cumulative negative goodwill, net of positive goodwill, taken to reserves amounted to £2,277,000 (2000 £2,277,000)

24. Reconciliation of operating profit to operating cash flows

	2001 £000	2000 £000
Operating profit	**865**	1,189
Exceptional charge on termination of discontinued operations	**(395)**	(504)
Amortisation of goodwill	**34**	43
Depreciation charge	**1,199**	1,326
Profit on sale of fixed assets	**(20)**	(33)
Increase in provisions	**228**	129
Decrease/(increase) in stocks	**71**	(413)
Decrease/(increase) in debtors	**1,692**	(873)
(Decrease)/increase in creditors	**(1,147)**	1,492
Net cash flow from operating activities	**2,527**	2,356

There was no cash flow relating to the exceptional charge on termination of discontinued operations (2000 outflow £117,000).

25. Analysis of cash flows for headings netted in the cash flow statement

	2001 £000	2000 £000
Returns on investments and servicing of finance		
Interest received	**8**	–
Interest paid	**(446)**	(528)
Interest element of finance lease payments	**(75)**	(135)
Net cash flow	**(513)**	(663)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(350)**	(1,208)
Purchase of Company shares by ESOP	**–**	(79)
Sale of property net of costs	**686**	–
Sale of plant and machinery	**50**	216
Sale of investments	**–**	18
Net cash flow	**386**	(1,053)
Acquisitions and disposals		
Purchase of shares in subsidiary including costs	**–**	(167)
Net cash acquired with subsidiary	**–**	365
Refund on prior year acquisition net of fees	**–**	160
Proceeds on termination of discontinued operations	**–**	489
Net cash flow	**–**	847
Financing		
Issue of ordinary share capital net of expenses	**4**	1
Receipt of debt due within one year	**–**	179
Receipt of debt due after more than one year	**–**	667
Repayment of debt due within one year	**(938)**	(1,138)
Repayment of debt due after more than one year	**–**	(64)
Capital element of finance lease payments	**(435)**	(550)
Net cash flow	**(1,369)**	(905)

26. Analysis of net debt

	At 31 December 2000 £000	Cash flow £000	Non cash £000	Currency Translation Difference	**At 29 December 2001 £000**
Cash	684	(253)	–	–	**431**
Overdrafts	(1,727)	530	–	–	**(1,197)**
	(1,043)	277	–	–	**(766)**
Debt due within one year	(780)	938	(1,069)	2	**(909)**
Debt due after one year	(4,369)	–	1,069	11	**(3,289)**
Finance leases	(1,418)	435	–	–	**(983)**
	(6,567)	1,373	–	13	**(5,181)**
	(7,610)	1,650	–	13	**(5,947)**

27. Commitments

a) Operating lease commitments payable in the following year

	Group		Company	
	2001	2000	**2001**	2000
	£000	£000	**£000**	£000
Land and buildings				
Expiring within one year	**1**	171	**–**	–
Expiring in years two to five	**81**	63	**–**	–
Expiring after five years	**18**	18	**–**	–
	100	252	**–**	–
Other assets				
Expiring within one year	**115**	41	**–**	–
Expiring in years two to five	**276**	303	**8**	–
	391	344	**8**	–

b) Contracts for expenditure on fixed assets

There were no contracts for expenditure on fixed assets in respect of the Group or the Company.

28. Contingent liabilities

The Company has granted a composite guarantee to National Westminster Bank plc to indemnify that bank in respect of all monies owing to the bank by the Company and subsidiary undertakings. At the balance sheet date the Group had loans and overdrafts owing to the bank amounting to £2,771,000.

The Company has undertaken guarantees in respect of monies owing by subsidiary undertakings to a limit of £1,186,000.

29. Pensions

The pension costs to the Group are analysed in notes 4 and 6 and pension contributions on behalf of directors are set out in the report of the Remuneration Committee.

Defined contribution scheme

The Group operates a defined contribution scheme, the C.A. Coutts Holdings plc Retirement and Death Benefits Scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. Contributions to the scheme are charged to the profit and loss account as they become payable.

Defined benefit scheme

The Group continues to bear responsibility for funding the Alltek Retirement and Death Benefits Plan defined benefit scheme for which accrual of benefits ceased in 1998. The scheme began winding up on 14 March 2002 and the liability was crystallised on 15 March 2002.

The last formal actuarial valuation was carried out as at 1 July 1998 which valued the assets at £1,562,000 which was sufficient to cover 81% of the benefits accrued to members. The projected value of the deficit on the continuing basis at the date of valuation was £376,000. Contributions were paid at the rate of £6,500 per month under a schedule that had been agreed between the scheme actuary, the employer and the trustees in accordance with the requirements of the Pensions Act 1995. No further contributions will be made after March 2002.

A new valuation is being prepared by an independent actuary as at 27 April 2001 but has not yet been signed. This valuation has been updated and indicates that the liability on the Group was crystallised at £475,000 when the scheme began winding up and that the liability was not materially different from this amount at 29 December 2001. This amount has been fully provided for in the financial statements (see note 21).

29. Pensions continued

FRS 17 retirement benefits

The new valuation being prepared as at 27 April 2001 has been updated to 29 December 2001 by a qualified independent actuary in accordance with the requirements of FRS 17.

The principal actuarial assumptions used were	
Rate of increase in salaries	n/a
Rate of increase in pensions	2.70%
Rate of increase in deferred pensions	2.70%
Discount rate	5.75%

The assets of the scheme and the expected rate of return were

	Value at 29 December 2001 £000	Expected long term rate of return £000
Assets		
UK equities	489	7%
UK gilts	1,099	5%
	1,588	
Present value of scheme liabilities	(2,673)	
Deficit in scheme	(1,085)	
Related deferred tax	326	
Net deficit	(759)	

Net assets	Group 2001 £000
Net assets excluding pension scheme	11,102
Pension deficit	(759)
Net assets including pension deficit	10,343

Reserves	Group 2001 £000
Profit and loss reserve excluding pension scheme	4,574
Pension deficit	(759)
Profit and loss reserve including pension deficit	3,815

30. Equity minority interests

	2001 £000	2000 £000
Equity minority interests in (loss)/profit after taxation	**(123)**	17

	£000
Minority interest in net assets at 31 December 2000	186
Minority interest in loss after taxation	(123)
Exchange difference	(1)
Minority interest in net assets at 29 December 2001	**62**

Financial calendar

Ex-dividend date	24 April 2002
Record date for 2001 final dividend	26 April 2002
Annual General Meeting	30 April 2002
Final dividend for 2001 paid	22 May 2002
Half year end 2002	29 June 2002
Half year 2002 results published	September 2002
Interim dividend for 2002 payable	October 2002
Year end 2002	28 December 2002
Announcement of annual results 2002	March 2003

Company information

Secretary
Stuart Alexander

Registered office
Violet Road London E3 3QL

Company number
1382912

Auditors
Ernst & Young LLP
Rolls House 7 Rolls Buildings
Fetter Lane London EC4A 1NH

Bankers
National Westminster Bank PLC
High Street Chelmsford Essex CM1 1BL

Nominated adviser and broker
Beeson Gregory
The Registry Royal Mint Court
London EC3N 4EY

Registrars
Capita IRG
Balfour House 390/398 High Road
Ilford Essex IG1 1NQ

Solicitors
Nabarro Nathanson
Lacon House Theobald's Road
London WC1X 8RW

Notice is hereby given that the Annual General Meeting of C. A. Coutts Holdings plc (the "Company") will be held at the Company's registered office, Violet Road, London E3 3QL on 30 April 2002 at 12.00 noon for the following purposes:

Ordinary Business

1. To receive and adopt the report of the directors and the audited financial statements for the year ended 29 December 2001.

2. To confirm the interim dividend paid in the year and to authorise the payment of a final dividend for the year of 3.0p per ordinary share of 20p each in the capital of the Company ("Ordinary Share").

3. To re-elect C. C. Cahn, who retires by rotation, as a director of the Company.

4. To re-elect A. M. Smith, who retires by rotation, as a director of the Company.

5. To re-appoint Ernst & Young LLP as auditors and to authorise the directors to agree their remuneration.

Special Business

To consider, and if thought fit, to pass the following resolutions which will be proposed as to resolution 6 as an ordinary resolution and as to resolutions 7 and 8 as special resolutions:

6. That the directors be and are hereby authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot and make offers or agreements to allot relevant securities (within the meaning of Section 80 of the Act) up to an aggregate nominal amount of £635,345 provided that this authority expires on 29 July 2003 or the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, whichever is earlier, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

7. That subject to resolution 6 being passed and pursuant to and in accordance with the authority thereby granted, the directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to such authority as if Section 89 (1) of the Act did not apply to any such allotment provided that this power shall be limited:

a) to the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of Ordinary Shares where the equity securities respectively attributable to the interests of all the holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them, subject in each case to such exclusions as the directors may deem necessary or expedient to deal with legal difficulties under the laws of any territory or the requirements of a regulatory body, in connection with fractional entitlements or otherwise; and

b) to the allotment (otherwise than pursuant to subparagraph (a) above) of the equity securities up to an aggregate nominal value of £128,232; and

c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 29 July 2003, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such offer or agreement as if the power conferred hereby had not expired.

8. That the Company be and is hereby generally and unconditionally authorised, in accordance with Article 9 of its Articles of Association and Chapter VII of the Act to make market purchases (within the meaning of Section 163 of the Act) on the London Stock Exchange plc ("London Stock Exchange") of Ordinary Shares, provided that:

a) the maximum number of Ordinary Shares hereby authorised to be so acquired is 1,282,327;

b) the minimum price which may be paid for each Ordinary Share is 20p per share (exclusive of expenses);

c) the maximum price which may be paid for each Ordinary Share is in respect of an Ordinary Share contracted to be purchased on any day, an amount equal to 105% of the average of the middle market quotations of the Ordinary Shares of the Company derived from the AIM appendix to the Daily Official List of the London Stock Exchange during the period of five business days immediately preceding the day on which the Ordinary Shares are contracted to be purchased (exclusive of expenses);

the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company; and the Company may, under the authority hereby conferred and prior to the expiry of that authority, make a contract to purchase its own Ordinary Shares which will or may be executed wholly or partly after the expiry of that authority and may make a purchase of its own Ordinary Shares in pursuance of any such contract.

By Order of the Board

C. S. Alexander Ll.B, FCA

Secretary
25 March 2002
Registered Office: Violet Road
London E3 3QL

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him. Completion and return of the enclosed form of proxy will not preclude shareholders from attending and voting at the Annual General Meeting. A proxy need not be a member of the Company. A form of proxy is enclosed. To be valid, proxies, together with the power of attorney, if any, under which it is signed, or a notarially certified copy thereof must be lodged with the Company's registrars, Capita IRG Plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1BR not later than 48 hours before the time for holding the meeting.

2. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the Register of Members of the Company as at 12.00 noon on 28 April 2002 shall be entitled to attend or vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time and changes to the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

3. There will be available for inspection at the registered office during normal business hours from the date of this notice to the date of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the Annual General Meeting, the following:
   a. The register of directors' interests in Ordinary Shares of the Company;
   b. Copies of the directors' contracts of services and every variation thereof.

Form of proxy C.A. Coutts Holdings plc (the "Company")

Form of proxy for use at the Annual General Meeting at Violet Road, London E3 3QL on 30 April 2002 at 12.00 noon.

I/We ____ (full name(s)) (block letters please)

of ____ (address(es)) being (a) holder(s) of ordinary shares of 20p each in the capital of the Company ("Ordinary Shares"), hereby appoint the Chairman of the Annual General Meeting (see Note 1 below)

____

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of C. A. Coutts Holdings plc to be held on 30 April 2002 at 12.00 noon and at any adjournment thereof. I/We direct my/our votes to be cast on the resolutions to be proposed at the Annual General Meeting as set out in the Notice thereof dated 25 March 2002 as follows (see Note 2 below).

Ordinary Resolutions	**For**	**Against**
1. To receive and adopt the report of the directors and the audited financial statements for the year ended 29 December 2001.		
2. To confirm the interim dividend paid in the year and to authorise the payment of a final dividend for the year of 3.0p per Ordinary Share		
3. To re-elect C. C. Cahn, who retires by rotation, as a director of the Company.		
4. To re-elect A. M. Smith, who retires by rotation, as a director of the Company.		
5. To re-appoint Ernst & Young LLP as auditors and to authorise the directors to agree their remuneration.		
6. To authorise the directors of the Company, pursuant to Section 80 of the Companies Act 1985 ("Act"), to allot relevant securities (as defined in the Act)		
Special Resolutions		
7. To empower the directors, on a limited basis, pursuant to Section 95 of the Act, to allot equity securities (as defined in the Act) otherwise than to shareholders on a pre-emptive basis, as if Section 89(1) of the Act did not apply.		
8. To authorise the Company to purchase its own Ordinary Shares.		

Signature(s) ______________________________________Date ____________ 2002

Notes

1. If you wish to appoint a proxy other than the Chairman of the Annual General Meeting, please insert the name of your proxy in the space provided and delete the words "the Chairman of the Annual General Meeting"; please initial the alterations. A proxy need not be a member of the Company.
2. Please indicate by an "X" in the space provided how you wish your votes to be cast. If you do not do so, the proxy will vote as he thinks fit in respect of the member's total holding or abstain from voting at his discretion.
3. To be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the office of Capita IRG Plc, Registrars Department, Balfour House, 390/398 High Road, Ilford, Essex. IG1 1BR no later than 48 hours before the time appointed for holding the Annual General Meeting.
4. In the case of an individual, this form of proxy must be signed by the appointor or by his duly constituted attorney.
5. In the case of a corporation, this form of proxy must be given either under its common seal or signed on its behalf by two directors, a director and the company secretary or a duly authorised officer of the corporation.
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. The names of all joint holders should be stated.
7. Completion and return of this form of proxy will not preclude you from attending and voting at the Annual General Meeting in person if you wish. You may appoint more than one proxy to attend at the Annual General Meeting.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. IY 592

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Capita IRG plc
Registrars Department
Balfour House
390/398 High Road
Ilford
Essex
IG1 1BR

FIRST FOLD

THIRD FOLD

COUTTS
C.A.COUTTS HOLDINGS PLC

Violet Road London E3 3QL www.cacouttsholdings.com