

2037421

Richard Burbidge Limited

**Directors' report and consolidated
financial statements**

Registered number 2037421

29 September 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 29 September 2001.

Principal activities

The principal activity of the group is the supply of quality timber based products to the home improvement and building industries.

Business review

The principal business activities will remain unchanged for the foreseeable future.

The directors are pleased with the financial performance of the group.

Proposed dividend and transfer to reserves

The directors have declared a final ordinary dividend of £12.67 per share making, with the interim dividend of £5.33 per share, a total of £18.00 per share for the year. This equates to a total ordinary dividend of £675,000 for the year.

Mr RH Burbidge has waived the rights to receive dividends totalling £306,720.

The profit for the period retained in the group is £2,018,000.

Directors and directors' interests

The directors who held office during the period were as follows:

Mr RH Burbidge	(Chairman)
Mr DL Burbidge *	
Mr JPD Hancox *	
Mr J Gill *	(Appointed 1 July 2001)
Mr RD Smith*	(Appointed 1 January 2001)
Mr S Underhill	
Mr M Whybrow	
Mr T Wood	

* Non executive director

The directors who held office at the end of the financial period had the following interests in the ordinary shares of the company as recorded in the register of directors' share interests:

	Interest at 29 September 2001	Interest at 1 October 2000
Mr RH Burbidge	18,540	18,540
Mr RH Burbidge and Mr DL Burbidge as trustees	7,820	7,820

According to the register of directors' interests no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Directors' report *(continued)*

Employees

The group supports the employment of disabled people wherever possible through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

The directors recognise the importance of good communications and relations with employees.

Environmental Policy

The group is committed to reducing the environmental impacts caused by its operations as a manufacturer and supplier of predominantly timber based products for the building and home-improvement sector. A copy of the environmental policy is available on request from the head office address, or can be viewed on the company's web site (richardburbidge.co.uk).

Political and charitable contributions

The group made no political contributions during the period. Donations to UK charities amounted to £2,035.

European Economic and Monetary Union

The group is now trading with a number of suppliers in the Euro currency. There has been no requirement from the group's customers to issue invoices in the Euro at present but preparations are ongoing to enable the group to do so in time for the 1 January 2002 deadline.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office.

By order of the board



S Underhill
Secretary

Whittington Road
Oswestry
Shropshire
SY11 1HZ

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



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Liverpool
L3 1QH

Report of the auditors to the members of Richard Burbidge Limited

We have audited the financial statements on pages 5 to 26.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 the company's and the group's affairs as at 29 September 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditors

17 December 2001

Consolidated profit and loss account
for the year ended 29 September 2001

	Note	Year ended 29 September 2001			Year ended 30 September 2000
		£000	Acquisitions £000	Total £000	£000
Turnover	2	43,105	2,415	45,520	43,356
Cost of sales		(28,670)	(1,660)	(30,330)	(28,529)
Gross profit		14,435	755	15,190	14,827
Distribution costs		(8,307)	(438)	(8,745)	(8,909)
Administrative expenses		(2,971)	(38)	(3,009)	(2,916)
Operating profit	3-5	3,157	279	3,436	3,002
Interest receivable and similar income	6			91	110
Interest payable and similar charges	7			(2)	(20)
Profit on ordinary activities before taxation				3,525	3,092
Tax on profit on ordinary activities	8			(1,139)	(1,021)
Profit for the financial year				2,386	2,071
Dividends paid and proposed	9			(368)	(327)
Retained profit for the financial period	19			2,018	1,744

All of the turnover and operating profit in the period was derived from continuing activities.

Consolidated balance sheet
at 29 September 2001

	Note	2001 £000	2000 £000
Fixed assets			
Intangible assets	10	207	-
Tangible assets	11	9,429	9,022
Investments	12	2	6
		<u>9,638</u>	<u>9,028</u>
Current assets			
Stocks	13	6,277	5,586
Debtors	14	10,632	8,915
Cash at bank and in hand		2,436	1,359
		<u>19,345</u>	<u>15,860</u>
Creditors: amounts falling due within one year	15	<u>(8,343)</u>	<u>(6,289)</u>
Net current assets		<u>11,002</u>	<u>9,571</u>
Total assets less current liabilities		<u>20,640</u>	<u>18,599</u>
Creditors: amounts falling due after more than one year	16	(76)	(81)
Provisions for liabilities and charges	17	(169)	(148)
Net assets		<u>20,395</u>	<u>18,370</u>
Capital and reserves			
Called up share capital	18	38	38
Share premium account	19	2,329	2,329
Profit and loss account	19	18,028	16,003
Shareholders' funds	20	<u>20,395</u>	<u>18,370</u>

These financial statements were approved by the board of directors on 5/12/2001 and were signed on its behalf by:

RH Burbidge
Director

Balance sheet
at 29 September 2001

	<i>Note</i>	2001	2000
		£000	£000
Fixed assets			
Intangible assets	10	207	-
Tangible assets	11	9,426	9,020
Investments	12	32	36
		9,665	9,056
Current assets			
Stocks	13	6,211	5,586
Debtors	14	10,281	8,620
Cash at bank and in hand		2,389	1,318
Creditors: amounts falling due within one year	15	18,881 (8,197)	15,524 (6,197)
Net current assets		10,684	9,327
Total assets less current liabilities		20,349	18,383
Creditors: amounts falling due after more than one year	16	(76)	(81)
Provisions for liabilities and charges	17	(169)	(148)
Net assets		20,104	18,154
Capital and reserves			
Called up share capital	18	38	38
Share premium account	19	2,329	2,329
Profit and loss account	19	17,737	15,787
Shareholders' funds	20	20,104	18,154

These financial statements were approved by the board of directors on
on its behalf by:

5/12/2001

and were signed

RH Burbidge
Director

Consolidated cash flow statement
for the year ended 29 September 2001

	<i>Note</i>	Year ended 29 September 2001 £000	Year ended 30 September 2000 £000
Cash inflow from operating activities	24	5,453	2,301
Returns on investment and servicing of finance	25	89	90
Taxation		(1,053)	(1,081)
Capital expenditure and financial investment	25	(3,084)	(1,496)
Equity dividends paid		(327)	(327)
Cash inflow/(outflow) before financing		1,078	(513)
Financing	25	(8)	(93)
Increase/(decrease) in cash in the period		1,070	(606)

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the period	1,070	(606)
Cash outflow from decrease in debt and lease financing	8	93
Change in net debt resulting from cash flows	1,078	(513)
Translation differences	7	(5)
Movement in net funds in the period	1,085	(518)
Net funds at the start of the period	1,351	1,869
Net funds at the end of the period	26	1,351

Consolidated statement of total recognised gains and losses
for the year ended 29 September 2001

	Year ended 29 September 2001 £000	Year ended 30 September 2000 £000
Profit for the financial year	2,018	1,744
Exchange gain/(loss) on consolidation	7	(5)
Total gains and losses recognised since last annual report	2,025	1,739

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules.

Basis of consolidation

The group accounts consolidate the accounts of Richard Burbidge Limited and all its subsidiary undertakings. These accounts are made up to 29 September 2001.

The consolidated accounts are based on accounts of subsidiary undertakings which are coterminous with those of the parent company.

Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the company's accounts, investments in subsidiary undertakings are stated at cost less provision for impairment. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

In accordance with Section 230(4) of the Companies Act 1985 Richard Burbidge Limited is exempt from the requirement to present its own profit and loss account in these financial statements.

The amount of the profit for the financial period dealt with in the financial statements of Richard Burbidge Limited is disclosed in note 19 to these accounts.

Notes (continued)

Accounting policies (continued)

Fixed assets and depreciation

Depreciation is provided by the group to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	25 years
Leasehold land and buildings	-	Life of lease
Plant and machinery	-	2 to 10 years

No depreciation is provided on freehold land or assets in the course of construction.

Goodwill

On the acquisition of a business fair values are attributed to the net tangible assets. Where the cost of acquisition exceeds the fair value attributable to such net assets, the difference is recorded as purchased goodwill.

Purchased goodwill is capitalised and amortised through the profit and loss account over the directors' assessment of its useful economic life on a straight line basis. The current useful economic life for purchased goodwill is 29 months. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

For consolidation purposes, the assets and liabilities of the overseas subsidiary undertaking are translated at the closing exchange rate and the profit and loss account at the average rate prevailing during the year. Exchange differences arising on consolidation are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Government grants

Capital based government grants are included within creditors in the balance sheet and credited to trading profit over the estimated useful economic lives of the assets to which they relate. Revenue based grants are credited to the profit and loss account.

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful economic life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes (continued)

1 Accounting policies (continued)

Pensions and other post retirement benefits

The group operates a defined benefit staff pension scheme, a defined contribution staff pension scheme, a director's money purchase scheme and an overseas money purchase scheme. The assets of the schemes are held in separate trustee administered funds. The amount charged against profit represents the contributions payable to the money purchase schemes in respect of the accounting period and a charge for the staff pension scheme assessed in accordance with the advice of an independent qualified actuary.

Research and development expenditure

Expenditure on research and development is written off against profit in the period in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts excluding value added tax derived from the provision of goods and services to third party customers during the period.

2 Segmental analysis

The analysis by geographic area of the group's turnover is:

	Year ended 29 September 2001 £000	Year ended 30 September 2000 £000
United Kingdom	42,385	40,787
Europe	3,066	2,463
Rest of World	69	106
	45,520	43,356

Notes (continued)

3 Operating profit

	Year ended 29 September 2001 £000	Year ended 30 September 2000 £000
<i>Operating profit is stated after charging/(crediting):</i>		
Auditors' remuneration:		
Audit	22	21
Other services	39	11
Depreciation and other amounts written off tangible fixed assets:		
Owned	1,384	1,195
Leased	12	84
Amortisation	43	-
Loss on sale of fixed assets	22	54
Hire of plant and machinery - rentals payable under operating leases	658	544
Amortisation of grants	(5)	(7)

4 Remuneration of directors

	Year ended 29 September 2001 £000	Year ended 30 September 2000 £000
<i>Directors' emoluments:</i>		
As directors	12	6
Remuneration as executives	954	926
Pension costs	27	47
	993	979

The emoluments of the highest paid director were £551,000 (2000: £504,000). No pension contributions were made on his behalf by the company in either year.

Retirement benefits are accruing to the following number of directors under:

	Number of directors 2001	2000
Money purchase schemes	1	1
Defined benefit schemes	3	4

Notes (continued)

5 Staff numbers and costs

The average number of people employed by the group (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2001	2000
Distribution and sales	144	123
Production	381	372
Administration	35	33
	560	528

The aggregate payroll costs of these persons were as follows:

	Year ended 29 September 2001	Year ended 30 September 2000
	£000	£000
Wages and salaries	9,535	8,723
Social security costs	718	671
Other pension costs (see note 22)	488	446
	10,741	9,840

6 Interest receivable and similar income

	Year ended 29 September 2001	Year ended 30 September 2000
	£000	£000
Bank interest receivable	91	110

Notes (continued)

Interest payable and similar charges

	Year ended 29 September 2001 £000	Year ended 30 September 2000 £000
On bank loans and overdrafts	2	7
Finance charges payable in respect of finance leases	-	13
	<u>2</u>	<u>20</u>

Taxation

	Year ended 29 September 2001 £000	Year ended 30 September 2000 £000
UK corporation tax at 30% (2000: 30%) on the profit for the year on ordinary activities	1,171	1,051
Deferred taxation	21	(25)
Prior period adjustments	(53)	(5)
	<u>1,139</u>	<u>1,021</u>

Dividends

	Year ended 29 September 2001 £000	Year ended 30 September 2000 £000
Ordinary shares:		
Interim	109	109
Final proposed	259	218
	<u>368</u>	<u>327</u>

Notes (continued)

10 Intangible fixed assets

	Goodwill £000
Group and company	
Cost	
At beginning of year	-
Addition (note 23)	250
At end of year	250
Amortisation	
At beginning of year	-
Charge for the year	43
At end of year	43
Net book value	
At 29 September 2001	207
At 30 September 2000	-

11 Tangible fixed assets

Group	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Assets in course of construction £000	Total £000
Cost					
At beginning of year	7,184	136	10,682	117	18,119
Additions	619	-	1,183	25	1,827
Disposals	-	-	(144)	-	(144)
Transfers	23	-	94	(117)	-
At end of year	7,826	136	11,815	25	19,802
Depreciation					
At beginning of year	2,583	30	6,484	-	9,097
Charge for the year	284	1	1,111	-	1,396
Disposals	-	-	(120)	-	(120)
At end of year	2,867	31	7,475	-	10,373
Net book value					
At 29 September 2001	4,959	105	4,340	25	9,429
At 30 September 2000	4,601	106	4,198	117	9,022

The cost and net book value of freehold and land and buildings includes land of £255,000 (2000: £255,000) which is not depreciated.

Included in the net book value of plant and machinery is £Nil (2000: £12,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £12,000 (2000: £84,000).

Notes (continued)

10 Tangible fixed assets (continued)

Company	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Assets in course of construction £000	Total £000
Cost					
At beginning of year	7,184	136	10,672	117	18,109
Additions	619	-	1,181	25	1,825
Disposals	-	-	(144)	-	(144)
Transfers	23	-	94	(117)	-
At end of year	7,826	136	11,803	25	19,790
Depreciation					
At beginning of year	2,583	30	6,476	-	9,089
Charge for the year	284	1	1,110	-	1,395
Disposals	-	-	(120)	-	(120)
At end of year	2,867	31	7,466	-	10,364
Net book value					
At 29 September 2001	4,959	105	4,337	25	9,426
At 30 September 2000	4,601	106	4,196	117	9,020

The cost and net book value of freehold land and buildings includes land of £255,000 (2000: £255,000) which is not depreciated.

Included in the net book value of plant and machinery is £Nil (2000: £12,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £12,000 (2000: £84,000).

Notes (continued)

12 Fixed asset investments

Group	Other investments £000		
Cost			
At beginning and end of year			25
Provisions			
At beginning of year			19
Charge for the year			4
At end of year			23
Net book value			
At 29 September 2001			2
At 30 September 2000			6
Company	Shares in group undertakings £000	Other investments £000	Total £000
Cost			
At beginning and end of year	38	25	63
Provisions			
At beginning of year	8	19	27
Provided in year	-	4	4
At end of year	8	23	31
Net book value			
At 29 September 2001	30	2	32
At 30 September 2000	30	6	36

Notes (continued)

12 Fixed asset investments (continued)

Subsidiary undertakings	Country of registration and incorporation	Description of class of shares held	Percentage of nominal value of issued share capital	Principal activity
Richard Burbidge (Ireland) Limited	Eire	Ordinary IR £1	100%	Distributor of home improvement timber products
Burbidge Windermere Limited	England and Wales	Ordinary £1	100%	Dormant
Brankbrook Limited	England and Wales	Ordinary £1	100%	Dormant

13 Stocks

	Group		Company	
	2001 £000	2000 £000	2001 £000	2000 £000
Raw materials and consumables	2,772	2,745	2,772	2,745
Work in progress	634	508	634	508
Finished goods and goods for resale	2,871	2,333	2,805	2,333
	<u>6,277</u>	<u>5,586</u>	<u>6,211</u>	<u>5,586</u>

There is no material difference between the carrying value of stocks and their estimated replacement cost.

14 Debtors

	Group		Company	
	2001 £000	2000 £000	2001 £000	2000 £000
<i>Amounts falling due within one year</i>				
Trade debtors	10,137	8,571	9,216	7,917
Amounts owed by subsidiary undertakings	-	-	576	367
Other debtors	7	19	7	11
Prepayments and accrued income	488	325	482	325
	<u>10,632</u>	<u>8,915</u>	<u>10,281</u>	<u>8,620</u>

Notes (continued)

15 Creditors: amounts falling due within one year

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
Obligations under finance leases	-	8	-	8
Trade creditors	4,473	2,367	4,392	2,319
Amounts owed to subsidiary undertaking	-	-	33	33
Corporation tax	681	616	663	611
Other taxes and social security	1,016	1,068	972	1,021
Other creditors	273	117	273	117
Accruals and deferred income	1,641	1,895	1,605	1,870
Dividend proposed	259	218	259	218
	<u>8,343</u>	<u>6,289</u>	<u>8,197</u>	<u>6,197</u>

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2001	2000	2001	2000
	£000	£000	£000	£000
Deferred regional development grants	<u>76</u>	<u>81</u>	<u>76</u>	<u>81</u>

£46,000 is due after more than 5 years.

Notes (continued)

17 Provisions for liabilities and charges

	Deferred taxation £000
Group and Company	
At beginning of year	148
Transfer to the profit and loss account	21
At end of year	169

The amounts provided for deferred taxation and the amounts not provided are set out below:

	2001		2000	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and amortisation and capital allowances	196	393	185	311
On capital losses	-	-	-	(17)
Other timing differences	(27)	(56)	(37)	-
	169	337	148	294

Notes (continued)

18 Share capital

	2001 £000	2000 £000
<i>Authorised</i>		
37,500 Ordinary shares of £1 each	38	38
<i>Allotted, called up and fully paid</i>		
37,500 Ordinary shares of £1 each	38	38

19 Share premium and reserves

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At beginning of year	2,329	16,003	2,329	15,787
Retained profit for year	-	2,018	-	1,950
Exchange adjustments	-	7	-	-
At end of year	2,329	18,028	2,329	17,737

20 Reconciliation of movements in shareholders' funds

	Group		Company	
	2001 £000	2000 £000	2001 £000	2000 £000
Profit for the financial year	2,386	2,071	2,318	2,062
Dividends	(368)	(327)	(368)	(327)
	2,018	1,744	1,950	1,735
Other recognised gains and losses relating to the year	7	(5)	-	-
Net addition to shareholders' funds	2,025	1,739	1,950	1,735
Opening shareholders' funds	18,370	16,631	18,154	16,419
Closing shareholders' funds	20,395	18,370	20,104	18,154

Notes (continued)

21 Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made:

Group and Company

	2001 £000	2000 £000
Contracted	45	797

- (ii) Annual commitments under non-cancellable operating leases are as follows:

<i>Group</i>	2001 £000	2000 £000
Operating leases which expire:		
Within one year	127	48
In the second to fifth years inclusive	535	462
	<u>662</u>	<u>510</u>

<i>Company</i>	2001 £000	2000 £000
Operating leases which expire:		
Within one year	126	48
In the second to fifth years inclusive	528	446
	<u>654</u>	<u>494</u>

None of the above commitments relate to land and buildings.

Notes (continued)

22

Pension schemes

The group operates a defined benefit staff pension scheme, a defined contribution staff pension scheme, a director's money purchase scheme and an overseas money purchase scheme. The assets of the schemes are held in separate trustee administered funds.

The total pension costs for the group were £488,000 (2000: £446,000) of which £482,000 (2000: £440,000) relates to the staff pension schemes and the balance to the overseas money purchase scheme. The pension cost relating to the defined benefit staff pension scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

The latest actuarial valuation of this scheme was at 5 April 1999 and the actuarial value of the assets at that date was sufficient to cover 97% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The market value of the assets of the staff pension scheme was £9.2 million at 5 April 1999.

Retirement benefits – FRS 17 disclosures at 29 September 2001

The group is required to report, for information purposes only, on the pension fund as valued under FRS 17. FRS 17 is being phased in over three years, with increasing disclosures in the first two years and full adoption for accounting purposes in the third year. The year ended 29 September is the first year of this process.

The pension liability is calculated using the value of the Scheme's assets as at 29 September 2001, and therefore reflects the considerable negative impact that the terrorist attack in America, on 11 September 2001 had upon world stock markets.

Major assumptions used:

At 29 September 2001

Rate of increase in salaries	4.59%
Rate of increase in pensions in payment	3.09%
Rate of increase in deferred pensions	3.09%
Discount rate	6.10%

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

	Value at 29 September 2001 £	Long term rate of return expected at 29 September 2001 %
Equities	7,556,668	7.0%
Bonds	1,271,216	6.0%
Property	596,626	7.0%
Cash	208,091	5.0%
Total market value of assets	9,632,601	
Present value of Scheme liabilities	13,287,392	
Deficit in the Scheme	(3,654,791)	
Related deferred tax asset	1,096,437	
Net pension liability	(2,558,354)	

Notes (continued)

23 Acquisition

On 11 April 2001 the company purchased the trade and assets of West's Dowels and Mouldings Limited. Consideration amounted to £1,743,736 and goodwill arose as follows:

	£000
Plant	485
Stock	1,009
	1,494
Cash consideration	1,744
Goodwill	250

24 Reconciliation of operating profit to operating cash flows

	Year ended 29 September 2001 £000	Year ended 30 September 2000 £000
Operating profit	3,436	3,002
Depreciation charge	1,396	1,279
Amortisation of goodwill	43	-
Loss on sale of fixed assets	22	54
Amortisation of grants	(5)	(7)
Decrease/ (increase) in stocks	318	(1,081)
Increase in debtors	(1,717)	(1,572)
Increase in creditors	1,956	621
Amounts written off investments	4	5
Net cash inflow from operating activities	5,453	2,301

Notes (continued)

25 Analysis of cash flows

	Year ended 29 September 2001		Year ended 30 September 2000	
	£000	£000	£000	£000
Returns on investment and servicing of finance				
Interest received	91		110	
Interest paid	(2)		(7)	
Interest element of finance lease rental payments	-		(13)	
		89		90
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(1,342)		(1,560)	
Sale of tangible fixed assets	2		64	
Acquisition (note 23)	(1,744)		-	
		(3,084)		(1,496)
Financing				
Capital element of finance lease rental payments	(8)		(93)	
		(8)		(93)

26 Analysis of net funds

	At beginning of year	Cash flow	Exchange movement	At end of year
	£000	£000	£000	£000
Cash at bank and in hand	1,359	1,070	7	2,436
Debt due within one year:				
Finance leases	(8)	8	-	-
Total	1,351	1,078	7	2,436