

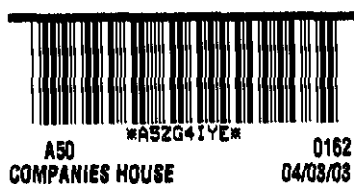
RICHARD BURBIDGE LIMITED

FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED

28 SEPTEMBER 2002

Company Number : 2037421



RICHARD BURBIDGE LIMITED

FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

Company Registration Number : 2037421

Registered Office : Whittington Road
Oswestry
Shropshire
SY11 1HZ

Directors : R H Burbidge
D L Burbidge
J P D Hancox
C Johnson
R D Smith
S Underhill
M Whybrow
T Wood

Secretary : S Underhill

Bankers : National Westminster Bank Plc
8 Mardol Head
Shrewsbury
Shropshire
SY1 1HE

Solicitors : Mace & Jones
Drury House
19 Water Street
Liverpool
L2 0RP

Auditors : Grant Thornton
Registered Auditors
Chartered Accountants
Heron House
Albert Square
Manchester
M60 8GT

RICHARD BURBIDGE LIMITED

FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

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RICHARD BURBIDGE LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the 52 weeks ended 28 September 2002.

Principal activity

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

Results and dividends

The directors have declared a final ordinary dividend of £14.67 per share making, with the interim dividend of £5.33 per share, a total of £20 per share for the year. Mr R H Burbidge has waived the right to receive dividends totalling £340,800.

The profit for the period retained in the group is £2,387,000.

Directors

The directors of the company and their interests in the share capital of the company at the end of the period are listed below.

	Ordinary shares of £1 each	
	2002	2001
R H Burbidge	18,540	18,540
D L Burbidge *	—	—
J P D Hancox *	—	—
R D Smith *	—	—
S Underhill	—	—
M Whybrow	—	—
T Wood	—	—
C Johnson (appointed 1 July 2002) *	—	—
R H Burbidge and D L Burbidge as trustees	7,820	7,820

* Non executive director

C Johnson was appointed as a director of the company on 1 July 2002. He did not have any interest in the share capital of the company on the date of his appointment. J Gill resigned as a director of the company on 30 June 2002.

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

RICHARD BURBIDGE LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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 of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to :

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

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that the directors report is prepared in accordance with company law in the United Kingdom.

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 at www.richardburbidge.co.uk

Political and charitable contributions

The group made no political contributions during the period. Donations to UK charities amounted to £3,820 (2001 : £2,035).

Auditors

KPMG resigned as auditors during the period and Grant Thornton were appointed to fill the casual vacancy. Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



S Underhill
Secretary

4 December 2002

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
RICHARD BURBIDGE LIMITED**

We have audited the financial statements of Richard Burbidge Limited for the 52 weeks ended 28 September 2002 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and notes 1 to 26. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of the directors and auditors

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

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

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

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

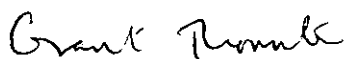
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 28 September 2002 and of the group's profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER**

4 December 2002

RICHARD BURBIDGE LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The directors have reviewed the accounting policies in accordance with FRS 18 "Accounting Policies" and have concluded that no changes were required from the previous year except in respect of FRS 19.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 28 September 2002. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

GOODWILL

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful life.

TURNOVER

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

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

STOCKS

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

RICHARD BURBIDGE LIMITED

PRINCIPAL ACCOUNTING POLICIES

CONTRIBUTIONS TO PENSION FUNDS

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Scheme

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

GOVERNMENT GRANTS

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs on specific projects are capitalised when recoverability can be assessed with reasonable certainty and are amortised over the estimated period that the benefits will accrue. All other development costs are written off in the year of expenditure.

RICHARD BURBIDGE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

	Note	Continuing £000	Acquisition £000	2002 £000	Restated 2001 £000
Turnover	1	49,956	4,225	54,181	45,520
Cost of sales		<u>(33,488)</u>	<u>(3,002)</u>	<u>(36,490)</u>	<u>(30,330)</u>
Gross profit		16,468	1,223	17,691	15,190
Distribution costs		(10,226)	(352)	(10,578)	(8,745)
Administrative expenses		<u>(2,815)</u>	<u>(343)</u>	<u>(3,158)</u>	<u>(3,009)</u>
Operating profit		<u>3,427</u>	<u>528</u>	3,955	3,436
Interest receivable and similar income	4			88	91
Interest payable and similar charges	5			<u>(4)</u>	<u>(2)</u>
Profit on ordinary activities before taxation	2			4,039	3,525
Tax on profit on ordinary activities	6			<u>(1,243)</u>	<u>(1,139)</u>
Profit on ordinary activities after taxation				2,796	2,386
Dividends	7			(409)	(368)
Profit retained and transferred to reserves	18			<u>2,387</u>	<u>2,018</u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2002 £000	2001 £000
Profit for the financial period	2,796	2,386
Exchange gain on consolidation	4	7
Total recognised gains and losses	<u>2,800</u>	<u>2,393</u>
Prior year adjustment (see note 18)	(325)	
Total recognised gains and losses since last financial statements	<u>2,475</u>	

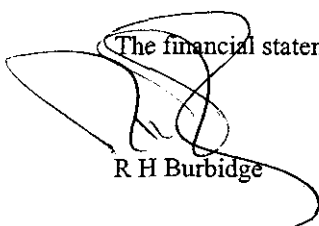
The accompanying accounting policies and notes form an integral part of these financial statements.

RICHARD BURBIDGE LIMITED

CONSOLIDATED BALANCE SHEET AT 28 SEPTEMBER 2002

	Note	2002 £000	Restated 2001 £000
Fixed assets			
Intangible assets	9	1,181	207
Tangible assets	10	10,755	9,429
Investments	11	2	2
		<u>11,938</u>	<u>9,638</u>
Current assets			
Stocks	12	7,366	6,277
Debtors	13	12,984	10,632
Cash at bank and in hand		1,421	2,436
		<u>21,771</u>	<u>19,345</u>
Creditors: amounts falling due within one year	14	<u>(10,482)</u>	<u>(8,343)</u>
Net current assets		<u>11,289</u>	<u>11,002</u>
Total assets less current liabilities		<u>23,227</u>	<u>20,640</u>
Creditors : amounts falling due after more than one year	15	(215)	(76)
Provisions for liabilities and charges	16	(551)	(494)
Net assets		<u>22,461</u>	<u>20,070</u>
Capital and reserves			
Called up share capital	17	38	38
Share premium account	18	2,329	2,329
Profit and loss account	18	20,094	17,703
Equity shareholders' funds	19	<u>22,461</u>	<u>20,070</u>

The financial statements were approved by the Board of Directors on 4 December 2002.


R H Burbidge

Director

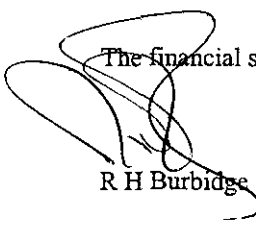
The accompanying accounting policies and notes form an integral part of these financial statements.

RICHARD BURBIDGE LIMITED

COMPANY BALANCE SHEET AT 28 SEPTEMBER 2002

	Note	2002 £000	Restated 2001 £000
Fixed assets			
Intangible assets	9	104	207
Tangible assets	10	8,930	9,426
Investments	11	5,286	32
		<u>14,320</u>	<u>9,665</u>
Current assets			
Stocks	12	6,353	6,211
Debtors	13	10,867	10,281
Cash at bank and in hand		1,106	2,389
		<u>18,326</u>	<u>18,881</u>
Creditors: amounts falling due within one year	14	<u>(9,124)</u>	<u>(8,197)</u>
Net current assets		<u>9,202</u>	<u>10,684</u>
Total assets less current liabilities		<u>23,522</u>	<u>20,349</u>
Creditors : amounts falling due after more than one year	15	(215)	(76)
Provisions for liabilities and charges	16	(428)	(494)
Net assets		<u>22,879</u>	<u>19,779</u>
Capital and reserves			
Called up share capital	17	38	38
Share premium account	18	2,329	2,329
Profit and loss account	18	20,512	17,412
Equity shareholders' funds	19	<u>22,879</u>	<u>19,779</u>

The financial statements were approved by the Board of Directors on 4 December 2002.

 R H Burbidge

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

RICHARD BURBIDGE LIMITED**CONSOLIDATED CASH FLOW STATEMENT**

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

	Note	2002 £000	2001 £000
Net cash inflow from operating activities	20	<u>5,063</u>	<u>5,453</u>
Returns on investments and servicing of finance			
Interest received		88	91
Interest paid		(1)	(2)
Finance lease interest paid		<u>(3)</u>	<u>-</u>
Net cash inflow from returns on investments and servicing of finance		84	89
Taxation		(1,402)	(1,053)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(956)	(1,342)
Sale of tangible fixed assets		<u>82</u>	<u>2</u>
Net cash outflow for capital expenditure and financial investment		<u>(874)</u>	<u>(1,340)</u>
Acquisition			
Purchase of subsidiary undertakings	23	(5,254)	(1,744)
Net cash acquired with subsidiary undertaking		<u>1,738</u>	<u>-</u>
Net cash outflow for acquisition		<u>(3,516)</u>	<u>(1,744)</u>
Equity dividends paid		<u>(368)</u>	<u>(327)</u>
Net cash (outflow)/inflow before financing		(1,013)	1,078
Financing			
Capital element of finance lease rentals		<u>(6)</u>	<u>(8)</u>
Net cash outflow from financing		<u>(6)</u>	<u>(8)</u>
(Decrease)/increase in cash	21	<u>(1,019)</u>	<u>1,070</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

RICHARD BURBIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

1 SEGMENTAL TURNOVER ANALYSIS

The turnover and profit on ordinary activities before taxation is attributable to the supply of quality timber based products to the home improvement and building industries as follows :

	2002	2001
	£000	£000
United Kingdom	50,310	42,385
Europe	3,839	3,066
Rest of the World	32	69
	<u>54,181</u>	<u>45,520</u>

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002	2001
	£000	£000
The profit on ordinary activities before taxation is stated after :		
Depreciation		
– owned	1,666	1,384
– held under finance leases and hire purchase contracts	10	12
Auditors' remuneration		
– audit	21	22
– other services	1	39
Amortisation	173	43
(Profit)/loss on sale of fixed assets	(6)	22
Hire of plant and machinery under operating leases	646	658
Amortisation of grants	<u>(7)</u>	<u>(5)</u>

3 DIRECTORS AND EMPLOYEES

	2002	2001
	£000	£000
Staff costs during the period were as follows :		
Wages and salaries	11,289	9,535
Social security costs	844	718
Pension costs	595	488
	<u>12,728</u>	<u>10,741</u>

	2002	2001
	Number	Number
The average number of employees during the period was :		
Distribution and sales	176	144
Production	431	381
Administration	55	35
	<u>662</u>	<u>560</u>

RICHARD BURBIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

DIRECTORS AND EMPLOYEES (continued)

The total amounts for directors' remuneration and other benefits was as follows :

	2002	2001
	£000	£000
Emoluments	994	966
Contributions to defined benefit pension schemes	29	27
	<u>1,023</u>	<u>993</u>

Directors' remuneration shown above included the following amounts payable in respect of the highest paid director :

	2002	2001
	£000	£000
Emoluments	588	551
Pension contributions	—	—
	<u>588</u>	<u>551</u>

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

	2002	2001
	Number	Number
Money purchase schemes	1	1
Defined benefit schemes	3	3

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2002	2001
	£000	£000
Bank interest receivable	<u>88</u>	<u>91</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£000	£000
On bank loans and overdrafts	1	2
Finance leases	3	—
	<u>4</u>	<u>2</u>

RICHARD BURBIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£000	£000
The taxation charge is based on the profit for the period and represents :		
Corporation tax at 30% (2001 : 30%)	1,210	1,171
Adjustments in respect of prior periods	(5)	(53)
	<u>1,205</u>	<u>1,118</u>
Deferred tax	38	21
	<u>1,243</u>	<u>1,139</u>

Factors affecting the tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the United Kingdom of 30% (2001 : 30%). The differences are explained as follows :

	2002	2001
	£000	£000
Profit on ordinary activities before taxation	<u>4,039</u>	<u>3,525</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2001 : 30%)	1,212	1,058
Effect of:		
Expenses not deductible for tax purposes	89	85
Depreciation for the period in excess of capital allowances	67	1
Movement in provisions	(158)	—
Adjustment in respect of prior periods	(5)	(53)
Marginal relief	—	27
	<u>1,205</u>	<u>1,118</u>

7 DIVIDENDS

	2002	2001
	£000	£000
Ordinary shares		
Interim	109	109
Final proposed	<u>300</u>	<u>259</u>
	<u>409</u>	<u>368</u>

8 PROFIT FOR THE FINANCIAL PERIOD

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit for the financial period before dividends was £3,509,000 (2001 : £2,318,000).

RICHARD BURBIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

9 INTANGIBLE FIXED ASSETS

	Group Goodwill £000	Company Goodwill £000
Cost		
At 30 September 2001	250	250
Additions	1,147	–
At 28 September 2002	<u>1,397</u>	<u>250</u>
Depreciation		
At 30 September 2001	43	43
Provided in the period	173	103
At 28 September 2002	<u>216</u>	<u>146</u>
Net book amount		
At 28 September 2002	<u>1,181</u>	<u>104</u>
Net book amount		
At 29 September 2001	<u>207</u>	<u>207</u>

10 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 30 September 2001	7,826	136	11,815	25	19,802
Additions	130	–	840	179	1,149
Acquisitions	1,130	–	799	–	1,929
Disposals	–	(51)	(524)	–	(575)
Transfers	–	–	25	(25)	–
At 28 September 2002	<u>9,086</u>	<u>85</u>	<u>12,955</u>	<u>179</u>	<u>22,305</u>
Depreciation					
At 30 September 2001	2,867	31	7,475	–	10,373
Provided in the period	322	1	1,353	–	1,676
Disposals	–	(8)	(491)	–	(499)
At 28 September 2002	<u>3,189</u>	<u>24</u>	<u>8,337</u>	<u>–</u>	<u>11,550</u>
Net book amount					
At 28 September 2002	<u>5,897</u>	<u>61</u>	<u>4,618</u>	<u>179</u>	<u>10,755</u>
Net book amount					
At 29 September 2001	<u>4,959</u>	<u>105</u>	<u>4,340</u>	<u>25</u>	<u>9,429</u>

The cost and net book value of freehold and land and buildings includes land of £405,000 (2001 : £255,000) which is not depreciated.

Included in the net book value of plant and machinery is £183,078 (2001 : £Nil) in respect of assets held under finance leases. Depreciation for the period on these assets was £9,636 (2001 : £12,000).

RICHARD BURBIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

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 30 September 2001	7,826	136	11,803	25	19,790
Additions	130	—	834	179	1,143
Disposals	—	(51)	(419)	—	(470)
Transfers	—	—	25	(25)	—
At 28 September 2002	<u>7,956</u>	<u>85</u>	<u>12,243</u>	<u>179</u>	<u>20,463</u>
Depreciation					
At 30 September 2001	2,867	31	7,466	—	10,364
Provided in the period	301	1	1,278	—	1,580
Disposals	—	(8)	(403)	—	(411)
At 28 September 2002	<u>3,168</u>	<u>24</u>	<u>8,341</u>	<u>—</u>	<u>11,533</u>
Net book amount					
At 28 September 2002	<u>4,788</u>	<u>61</u>	<u>3,902</u>	<u>179</u>	<u>8,930</u>
Net book amount					
At 29 September 2001	<u>4,959</u>	<u>105</u>	<u>4,337</u>	<u>25</u>	<u>9,426</u>

The cost and net book value of freehold and land and buildings includes land of £255,000 (2001 : £255,000) which is not depreciated.

Included in the net book value of plant and machinery is £183,078 (2001 : £Nil) in respect of assets held under finance leases. Depreciation for the period on these assets was £9,636 (2001 : £12,000).

11 FIXED ASSET INVESTMENTS

Group	Other investments £000
Cost	
At 30 September 2001 and 28 September 2002	<u>25</u>
Provisions	
At 30 September 2001 and 28 September 2002	<u>23</u>
Net book value	
At 28 September 2002	<u>2</u>
At 29 September 2001	<u>2</u>

RICHARD BURBIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

FIXED ASSET INVESTMENTS (continued)

Company	Shares in group undertakings £000	Other investments £000	Total £000
Cost			
At 30 September 2001	38	25	63
Additions	5,254	—	5,254
At 28 September 2002	5,292	25	5,317
Provisions			
At 30 September 2001 and 28 September 2002	8	23	31
Net book value			
At 28 September 2002	5,284	2	5,286
At 29 September 2001	30	2	32

The company had the following subsidiary undertakings as at 28 September 2002 :

Name of subsidiary	Country of incorporation	Class of share capital held	Percentage of nominal value of issued share capital	Nature of business
Richard Burbidge (Ireland) Limited	Eire	Ordinary IR £1	100%	Distributor of home improvement timber products
Brankbrook Limited	England & Wales	Ordinary £1	100%	Dormant
Atkinson Marketing Limited	England & Wales	Ordinary £1	100%	Intermediate Holding Company
Atkinson and Kirby Limited	England & Wales	Ordinary £1	100% *	Import and manufacture of flooring products
Art Mouldings (Sales) Limited	England & Wales	Ordinary £1	100% *	Finishing of picture frame mouldings
A. M. Products Limited	England & Wales	Ordinary £1	100% *	Dormant

* Subsidiaries of Atkinson Marketing Limited

12 STOCKS

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Raw materials and consumables	2,974	2,772	2,731	2,772
Work in progress	802	634	788	634
Finished goods and goods for resale	3,590	2,871	2,834	2,805
	7,366	6,277	6,353	6,211

RICHARD BURBIDGE LIMITED

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13 DEBTORS

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
Trade debtors	12,521	10,137	9,884	9,216
Amounts owed by subsidiary undertakings	—	—	568	576
Other debtors	14	7	14	7
Prepayments and accrued income	449	488	401	482
	<u>12,984</u>	<u>10,632</u>	<u>10,867</u>	<u>10,281</u>

14 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
Trade creditors	5,430	4,473	4,680	4,392
Amounts owed to subsidiary undertakings	—	—	33	33
Corporation tax	738	681	532	663
Other taxation and social security	1,430	1,016	1,139	972
Other creditors	261	273	261	273
Accruals and deferred income	2,282	1,641	2,138	1,605
Dividend proposed	300	259	300	259
Obligations under finance leases	41	—	41	—
	<u>10,482</u>	<u>8,343</u>	<u>9,124</u>	<u>8,197</u>

15 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
Obligations under finance leases	146	—	146	—
Deferred regional development grants	69	76	69	76
	<u>215</u>	<u>76</u>	<u>215</u>	<u>76</u>

Obligations under finance leases are repayable as follows:

	Group		Company	
	2002	2001	2002	2001
	£000	£000	£000	£000
Within one year	41	—	41	—
Between one and two years	37	—	37	—
Between two and five years	109	—	109	—
	<u>187</u>	<u>—</u>	<u>187</u>	<u>—</u>

RICHARD BURBIDGE LIMITED

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16 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

	Group £000	Company £000
At 29 September 2001 (restated)	494	494
Acquired during the year (note 23)	19	—
Charged/(credited) to profit and loss account	38	(66)
At 28 September 2002	<u>551</u>	<u>428</u>

The amounts provided for deferred taxation are set out below :

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Difference between accumulated depreciation and amortisation and capital allowances	625	583	493	583
Other timing differences	(74)	(89)	(65)	(89)
	<u>551</u>	<u>494</u>	<u>428</u>	<u>494</u>

Following the adoption of FRS 19 "Deferred Taxation" the comparative figures for 2001 have been restated.

17 SHARE CAPITAL

	2002 £000	2001 £000
Authorised		
37,500 Ordinary shares of £1 each	<u>38</u>	<u>38</u>
Allotted, called up and fully paid		
37,500 Ordinary shares of £1 each	<u>38</u>	<u>38</u>

18 SHARE PREMIUM ACCOUNT AND RESERVES

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At 29 September 2001 as previously stated	2,329	18,028	2,329	17,737
Prior year adjustment	—	(325)	—	(325)
At 29 September 2001	<u>2,329</u>	<u>17,703</u>	<u>2,329</u>	<u>17,412</u>
Retained profit for the period	—	2,387	—	3,100
Exchange differences	—	4	—	—
At 28 September 2002	<u>2,329</u>	<u>20,094</u>	<u>2,329</u>	<u>20,512</u>

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SHARE PREMIUM ACCOUNT AND RESERVES (CONTINUED)

The prior year adjustment arises following the adoption of FRS 19 "Deferred Taxation". The group previously did not make full provision for deferred tax, but in accordance with the requirements of FRS 19, full provision is made for deferred tax. The effect of this change is as follows :

	Provisions for liabilities and charges £000	Shareholders' funds £000
Balance sheet		
2001 as previously reported	(169)	20,395
Prior year adjustment	(325)	(325)
2001 as restated	<u>(494)</u>	<u>20,070</u>

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Profit for the financial period	2,796	2,386	3,509	2,318
Dividends	(409)	(368)	(409)	(368)
Restatement of prior year's deferred tax	—	(325)	—	(325)
	<u>2,387</u>	<u>1,693</u>	<u>3,100</u>	<u>1,625</u>
Other recognised gains and losses relating to the period	4	7	—	—
Net addition to shareholders' funds	<u>2,391</u>	<u>1,700</u>	<u>3,100</u>	<u>1,625</u>
Opening shareholders' funds	<u>20,070</u>	<u>18,370</u>	<u>19,779</u>	<u>18,154</u>
Closing shareholders' funds	<u>22,461</u>	<u>20,070</u>	<u>22,879</u>	<u>19,779</u>

20 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £000	2001 £000
Operating profit	3,955	3,436
Depreciation	1,676	1,396
Amortisation of goodwill	173	43
(Profit)/loss on sale of tangible fixed assets	(6)	22
Amortisation of grants	(7)	(5)
(Increase)/decrease in stocks	(254)	318
Increase in debtors	(1,117)	(1,717)
Increase in creditors	643	1,956
Amounts written off investments	—	4
Net cash inflow from operating activities	<u>5,063</u>	<u>5,453</u>

RICHARD BURBIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £000	2001 £000
(Decrease)/increase in cash in the period	(1,019)	1,070
Cash outflow from finance leases	6	8
Change in net debt resulting from cash flows	(1,013)	1,078
Translation differences	4	7
Inception of finance leases	(193)	—
Movement in net funds in the period	(1,202)	1,085
Net funds at 29 September 2001	2,436	1,351
Net funds at 28 September 2002	1,234	2,436

22 ANALYSIS OF CHANGES IN NET FUNDS

	At 29 September 2001 £000	Cashflow £000	Exchange movement £000	Other non- cash items £000	At 28 September 2002 £000
Cash in hand	2,436	(1,019)	4	—	1,421
Finance leases	—	6	—	(193)	(187)
	2,436	(1,013)	4	(193)	1,234

23 ACQUISITIONS

On 8 April 2002 the company acquired 150,000 ordinary shares of £1 each in Atkinson Marketing Limited being 100% of its nominal share capital for a consideration of £5,254,713 including costs, satisfied by cash. Goodwill arising of £1,147,270 has been capitalised.

The assets and liabilities of Atkinson Marketing Limited acquired were as follows :

	Book value £000	Revaluation £000	Fair value £000
Fixed assets			
Tangible	1,443	486	1,929
Current assets			
Stock	835	—	835
Debtors	1,235	—	1,235
Cash at bank	1,738	—	1,738
Creditors	(1,357)	—	(1,357)
Corporation tax	(254)	—	(254)
Deferred tax	(19)	—	(19)
	3,621	486	4,107
Goodwill			1,147
Cash consideration			5,254

The subsidiary undertakings acquired during the period absorbed £346,000 from the group's operating cash flows, received £8,000 in respect of net returns on investment, paid £3,000 in respect of capital expenditure and £113,000 in respect of taxation and received £22,000 from sale of fixed assets.

RICHARD BURBIDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 28 SEPTEMBER 2002

24 CAPITAL COMMITMENTS

	2002	2001
Group and company	£000	£000
Contracted	<u>221</u>	<u>45</u>

25 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Leasing commitments

	Plant and machinery	
	2002	2001
	£000	£000
Operating leases which expire :		
– within one year	53	127
– within two to five years	<u>460</u>	<u>535</u>
	<u>513</u>	<u>662</u>

26 PENSION SCHEMES

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

Pension arrangements for UK employees are operated through two defined benefit schemes (the Richard Burbidge Scheme and the Atkinson Marketing Scheme), a defined contribution staff pension scheme and a directors money purchase scheme.

The total pension costs for the group were £595,000 (2001 : £488,000) of which £587,000 (2001 : £482,000) 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 schemes is assessed in accordance with the advice of independent qualified actuaries using the projected unit method. There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

The Richard Burbidge Defined Benefit Scheme

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.

The Atkinson Marketing Defined Benefit Scheme

The latest actuarial valuation of this scheme was at 5 April 2000 and the actuarial value of the assets at that date was sufficient to cover 74% 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 £3.0 million at 5 April 2000.

RICHARD BURBIDGE LIMITED

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Retirement benefits – FRS 17 disclosures at 28 September 2002

The transitional arrangements of FRS 17 require disclosure of assets and liabilities as at 28 September 2002 calculated in accordance with the requirements of FRS 17. The valuations used for FRS 17 disclosures have been based on the latest actuarial valuation and updated by the actuaries to assess the liabilities of the schemes at 28 September 2002.

The assets of the schemes have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions.

Major assumptions used :	Richard Burbidge 28 September 2002	Atkinson Marketing 28 September 2002
Rate of increase in salaries	3.8%	3.5%
Rate of increase in pensions in payment	2.3%	2.5%
Rate of increase in deferred pensions	2.3%	2.5%
Discount rate	5.2%	5.5%

The assets in the schemes and the expected rates of return were :

	Richard Burbidge		Atkinson Marketing	
	Value at	Long term rate	Value at	Long term rate
	28 September	of return	28 September	of return
	2002	expected at 28	2002	expected at 28
	£000	September 2002	£000	September 2002
Equities	6,549	7.0%	489	7.25%
Bonds	1,588	5.0%	135	5.25%
Property	137	6.5%	–	–
Cash	634	4.0%	41	4.25%
Total market value of assets	8,908		665	

The following amounts at 28 September 2002 were measured in accordance with the requirements of FRS 17:

Market value of Schemes assets	9,572
Present value of Schemes liabilities	15,118
Deficit in the Scheme	5,546
Related deferred tax asset	(1,664)
Net pension liability	3,882

If the above amounts had been recognised in the financial statements, the group net assets and profit and loss reserve at 28 September 2002 would be as follows :

	Net assets £000	Profit and loss reserve £000
Excluding pension scheme liability	22,461	20,094
Net pension liability	(3,882)	(3,882)
Including pension scheme liability	18,579	16,212

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The following amounts would have been recognised in the performance statements in the year to 28 September 2002 under the requirements of FRS 17:

	£000
Operating profit	
Current service cost	592
Past service cost	—
Total operating charge	<u>592</u>

	£000
Other finance income	
Expected return on pension scheme assets	758
Interest cost	<u>(881)</u>
Net return	<u>(123)</u>

Statement of total recognised gains and losses:

	£000
Actual return less expected return on pension scheme assets	(2,220)
Experience gains and losses arising on the scheme liabilities	1,045
Changes in the assumptions underlying the present value of scheme liabilities	<u>(582)</u>
	<u>(1,757)</u>

Movement in the deficit during the year:

	£000
Deficit in the scheme at the beginning of the period	(3,646)
Current service cost	(592)
Contributions	572
Net interest	(123)
Actuarial loss	<u>(1,757)</u>
Deficit in the scheme at the end of period	<u>(5,546)</u>